Hard times:
Tasmanians in financial crisis

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TASMANIA

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Cover artwork by Clare Bradley

PB: 978-1-921267-18-S
Web: 978-1-921267-19-2

National Library of Australia Cataloguing-in-Publication entry

Author: Flanagan, Kathleen.
Title: Hard times [electronic resource] : Tasmanians in financial crisis / Kathleen Flanagan.
ISBN: 9781921267192 (pdf)
Notes: Bibliography
Subjects: Welfare recipients--Finance, Personal--Tasmania.
Public welfare--Research--Tasmania.
Other Authors/Contributors: Anglicare Tasmania.
Dewey Number: 362.828209946

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Acknowledgements

This research was undertaken by the Social Action and Research Centre at Anglicare Tasmania. The project was funded by Anglicare Tasmania and the Tasmanian Government, with funds provided through the Family Assistance Program.

We would like to thank the members of the project's reference group, John Hargrave (Department of Families, Housing, Community Services and Indigenous Affairs), Bridget Hutton (Social Inclusion Unit, Department of Premier and Cabinet), Michele Ryan (Launceston City Mission), Rebecca Thompson (Advocacy Tasmania), Paul Mallett (Anglicare Tasmania) and Margie Law (Anglicare Tasmania), for their wisdom and expertise. The research findings and recommendations of this report are those of Anglicare and should not be attributed to members of the reference group. Any errors are the responsibility of the author.

Thanks are also due to Rob Hidding, Anglicare's Information and Communication Technology Manager, who went above and beyond the call of duty in setting up the electronic form of the survey, and to Louise Hawker (Social Inclusion Unit) and Kelly Madden, who provided valuable input on various aspects of the report. Ann Hughes and Jo Flanagan were dedicated and thoughtful editors of the report and made it a much stronger document.

The service providers and workers who assisted in promoting and administering the survey deserve particularly warm thanks. Their job is a difficult, demanding and busy one, and we greatly appreciate the time and energy they gave to getting as many survey forms completed as possible.

Finally, we would like to thank those emergency relief and financial counselling clients who participated in this survey. We were asking you about your personal finances and your personal lives, and we genuinely appreciate your willingness to share this private information with the hope of bringing about changes that will make life less stressful and less hard for yourselves and for people like you.

Glossary

For the purposes of this report, the following interpretations of key terms and phrases apply:

Chronic debt: This term would have been self-defined by participants. It was used in a question asking if the participant, or someone in their household, had been affected by 'chronic debt' in the previous year. It is impossible to know how participants would have interpreted the term, but it is assumed for the purposes of analysis that they took it to refer to ongoing and serious problems with debt.

Hardship: In this report, a household is considered to be experiencing hardship if they have experienced one or more of the indicators of hardship.

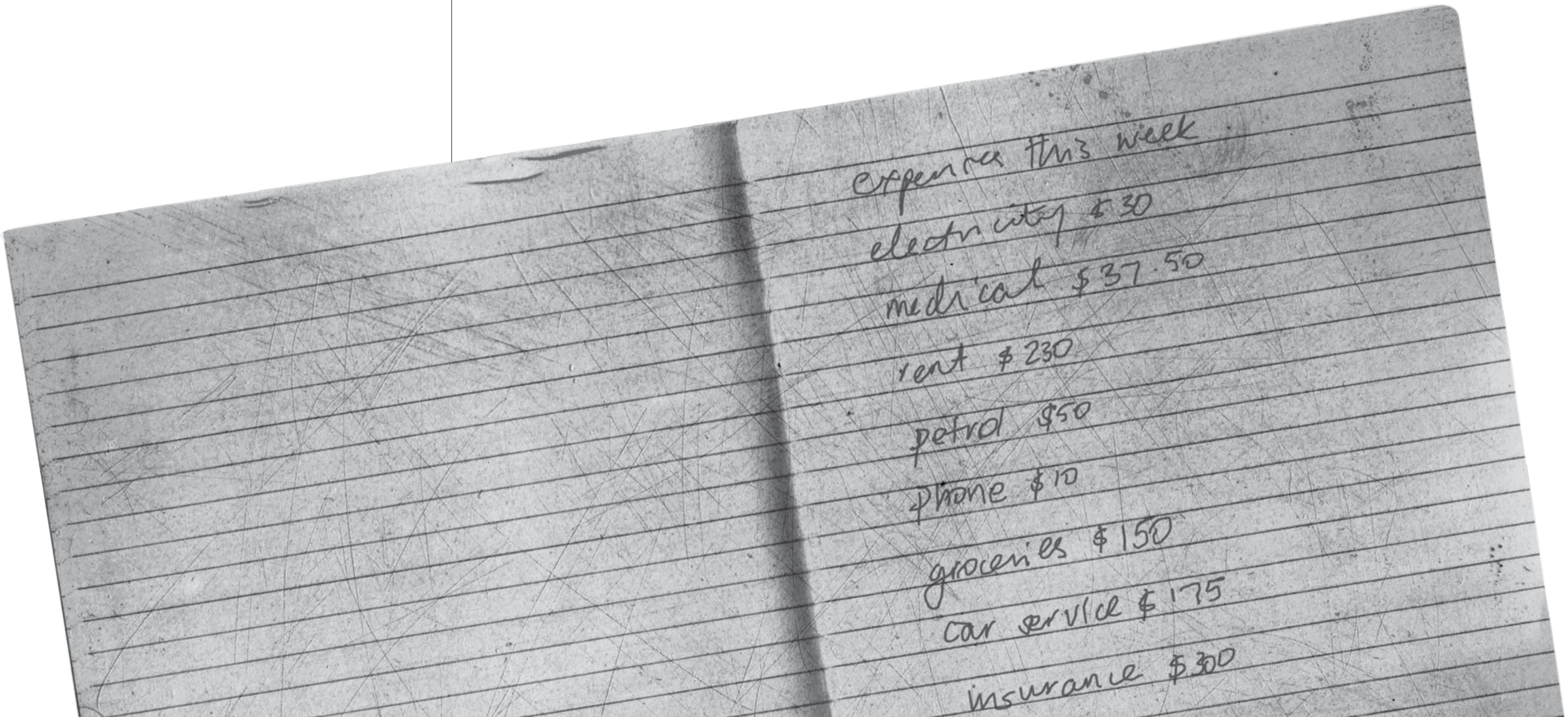
Indicator of financial difficulty: This phrase is used to refer to any of a range of indicators used in the survey, including indicators of hardship, how often the participant's household had financial problems, how often participants worried about being able to afford enough food and the number of household expenses causing big problems for the household.

Indicators of hardship: In this report, the following experiences were used as evidence that a household had experienced hardship: whether, in the past year, because of a shortage of money, a household had been unable to pay their electricity or phone or gas bill, been unable to pay their rent or home loan, pawned or sold something, gone without meals, been unable to heat their home, had the phone disconnected or had the power off.

Underlying issues: In this report, this refers to any of a list of 20 issues included in the survey (see p. 147 for the complete list). Participants were asked to indicate which of these issues, if any, had affected either them or someone in their household in the previous year.

Abbreviations

ABS – Australian Bureau of Statistics
AHURI – Australian Housing and Urban Research Institute
APAYG – Aurora Pay As You Go
CPI – Consumer Price Index
FaHCSIA – Australian Government Department of Families, Housing, Community Services and Indigenous Affairs
TasCOSS – Tasmanian Council of Social Service



Executive summary

Emergency relief and financial counselling services are provided by community service organisations, with funding from both the Australian and State Governments. Some emergency relief providers also obtain additional funding for their services through fundraising, donations and the proceeds from op-shops and similar projects.

This report discusses the findings of a two-week, snap-shot survey of clients of emergency relief and financial counselling services from around Tasmania. The 411 participants were overwhelmingly dependent on income support payments, especially single parenting payments, the Disability Support Pension and unemployment benefits. Most were renting their housing, either publicly or privately, and about half had dependent children.

The survey responses indicate, not surprisingly, that financial difficulty and hardship is widespread among emergency relief and financial counselling clients. What is shocking, however, is the severity of that experience.

Nearly half (47.2%) the participants said that their household had financial problems regularly or always. Four in five (81.0%) participants had applied for assistance from emergency relief and financial counselling services before. Almost half (46.2%) were using emergency relief or financial counselling services four or more times a year. Even among people who had not applied for assistance before, financial crisis was not a new experience: two fifths (39.7%) of first time applicants said that their household regularly or always had financial problems.

The survey asked about seven ‘indicators of hardship’. These were whether in the previous year, due to a shortage of money, households had been unable to pay their electricity or phone or gas bill, been unable to pay their rent or home loan, pawned or sold something, gone without meals, been unable to heat their home, had the phone disconnected or had the power off. Survey participants reported experiencing hardship at levels far above what would be expected or accepted in the general community. In particular, three quarters (75.1%) of the participants had missed meals in the previous year due to a shortage of money, over half (57.4%) had been unable to heat their home, and 28.3% had had their electricity supply disconnected. Although experience of hardship was widespread among all participants, some groups were particularly vulnerable, including homeless people, home buyers, people receiving Newstart Allowance, Aboriginal people and men.

Participants were asked about a range of ordinary household expenses. The cost of food emerged as a major concern: half (49.9%) the participants said the cost of food was a big problem for their household and three quarters (76.8%) said that they always or mostly worried about whether they could afford to buy enough food for their family. As well as food, the household expenses causing the greatest problems were clothing, electricity bills, the costs of registering, maintaining and running a car, rent and prescription medicines. A third (33.6%) of participants described five or more common household expenses as big problems for their household. The groups that experienced the greatest difficulty were home buyers, people with two or more children, people aged 35-44, people on the Disability Support Pension and couples with children.

It appears that the presence of children, especially in single parent families, is an important driver of concern about the cost of food and anxiety about food costs. These households may be compromising in other areas to ensure food is on the table for the sake of their children. But even those groups of participants who were 'less likely' to report problems with food costs or anxiety about the cost of food were doing so at levels far above what should be acceptable.

Previous research has found that a lack of income is one of the main reasons why households experience financial crisis. The overwhelming majority (94.5%) of survey participants were on income support payments, most of which fall below even a conservative poverty line such as the Henderson poverty line. The participants had also been dependent on income support for a long time: nearly three quarters (72.7%) of those on income support had been on their payment for more than two years and a quarter (24.8%) had been on income support for over a decade.

Being on income support does not necessarily mean a person always receives their full entitlement. Payments can be reduced if a person is paying back a Centrelink advance payment or a debt to Centrelink or has had part or all of their payment withheld as the result of failing to meet a mutual obligation requirement. Half (49.7%) of the participants in this survey were on a reduced rate of payment, with participants on Newstart Allowance among the most likely to be on a reduced rate. Being on a reduced rate, particularly if the reduction was due to the participant repaying a Centrelink advance payment, was associated with an increased risk of hardship.

A low income is not the only reason people can be affected by financial crisis. The survey asked participants whether they or someone they lived with had experienced any of a list of 20 underlying issues that could create problems for the household. Two thirds (68.4%) of the participants had been affected by more than one underlying issue and a quarter (24.5%) had been affected by more than five. The most common underlying issues reported were family breakdown, mental illness, chronic debt, disability and legal issues, but participants affected by eviction, bankruptcy, gambling addiction, legal problems, drug or alcohol addiction, domestic violence and imprisonment were the most likely to report that they were also affected by two or more other issues.

The groups of participants most likely to be affected by multiple underlying issues were people from a non-English speaking background, people on the Disability Support Pension, Aboriginal people, people with two children, home-buyers, people aged 25-34 years and homeless people. Homeless people in particular reported very complex household circumstances: 42.0% had been affected by five or more issues.

There was a clear link between financial crisis and underlying issues: people affected by multiple underlying issues were more likely to experience hardship, have financial problems regularly or always, worry about the amount of food they could afford for their household and experience problems with multiple household expenses. The underlying issues most associated with hardship and financial difficulty were eviction, chronic debt and legal problems.

Despite their high levels of hardship and financial difficulty and the many complicated underlying issues they faced, only 15.8% of participants were receiving any other support services. While some groups were more likely to do so than others, even among those groups more likely to have additional support the actual proportion using other services was very low.

This report makes a number of recommendations that aim to tackle the structural causes of the problems participants face and to build a service system, including mainstream services, that responds to the needs of low income earners as a priority, rather than as a concession or add-on.

The recommendations call for:

- an increase in income support payments to a level sufficient to provide recipients with a basic acceptable standard of living;
- the Tasmanian Food Security Council recently announced by the State Government to focus on strategic and structural aspects of food insecurity;

- the retention of the public housing system as a core government service, with additional funding to allow the system to operate sustainably and increase the supply of houses;
- a review of the funding levels and customer service standards of government-owned businesses to ensure that they have adequate resources and capacity to deliver affordable services and products and to meet the requirements of low income earners and households with special needs;
- the provision of funding to all essential services so that they can provide customers with a 'lifeline' tariff (a basic component of usage that is free to the user), so that no one need to be disconnected from the supply of any essential service due to inability to pay;
- a review of the levels of all State Government concessions with specific reference to the degree to which they alleviate poverty and hardship among recipients;
- the development of a 'best practice' approach to managing and responding to debt among low income earners and households with special needs;
- a mandatory training program for emergency relief volunteers to assist them to develop the skills and knowledge necessary to respond to the longer-term needs of their clients; and
- a consultation program with low income customers of government businesses with a view to developing products and services that genuinely meet their needs.

CHAPTER 1 Introduction

Emergency relief and financial counselling services are provided by community service organisations, with funding from both the Australian and State Governments. Some emergency relief providers also obtain additional funding for their services through fundraising, donations and the proceeds from op-shops and similar projects.

This report discusses the findings of a survey of clients of emergency relief and financial counselling services in Tasmania. Anglicare Tasmania has previously conducted two similar surveys exploring the causes of financial crisis among Tasmanian households, with the findings published as *$orting it out: an investigation into the needs and experiences of Tasmanians in financial crisis* (Wolstenholme 1998) and *Bread and board: when the basics break the budget* (Madden 2004). Each of these reports sought to examine the causes of financial crisis among Tasmanian households and illuminate the experiences of people who need to seek assistance from welfare organisations as the result of financial difficulty.

1.1. Aims, methodology and limitations

1.1.1. Aims

The project explored the main triggers for financial crisis among clients of emergency relief and financial counselling services. Specifically, it aimed to

- identify key demographic characteristics of clients;
- identify key causes of financial crisis for clients; and
- inform policy development.

1.1.2. Methodology

The project methodology was in two parts: a snap shot survey of clients of emergency relief and financial counselling services from across the state and a review of the relevant literature, with a particular focus on similar surveys conducted nationally or in other states.

The survey instrument was based on the survey used in the previous Anglicare studies, particularly the 2003-04 survey, which generated *Bread and board* (Madden 2004). The length of the survey was deliberately kept to just three pages and effort was made to use plain and accessible language and terminology. Some adjustments were made to the questions used in 2004 to reflect current policy concerns or explore new areas. The order of the questions was changed to place the questions relating to the causes of financial crisis, debt and underlying issues on the first page and the questions relating to demographic information on the last in the hope that, if participants became tired of filling in the survey and stopped halfway through, at least those questions relating to the causes of financial crisis would be filled in. A copy of the survey can be found at Appendix A.

Each of the 20 emergency relief services in Tasmania and the state's only financial counselling service were approached to participate in the project. This included Anglicare's emergency relief service, delivered from three outlets – Glenorchy, Burnie and St Helens. Tasmania's financial counselling service is also provided by Anglicare. Non-Anglicare services with multiple outlets were approached through their head offices. One service declined to participate and a second agreed to participate but was ultimately unable to do so.

Services were asked to administer the survey to clients over a two week period at the end of April 2009. They were offered the option of using a paper-based version of the survey or an electronic version accessed via Anglicare's intranet. Participation in the survey was voluntary, with clients assured that their access to the service offering the survey or to any Anglicare services would not be affected by a refusal to participate. Workers were asked to assist clients to fill out the survey, although clients could also elect to fill it out by themselves if they wished.

At the end of the survey period, completed survey forms were returned to Anglicare and the data entered into SPSS v.13.0 for Windows for analysis. Relative standard error was calculated using the National Statistical Service's on-line sample size calculator (National Statistical Service n.d.). Four hundred and eleven completed surveys were returned, although not all respondents had answered every question.

1.1.3. Limitations

The nature of the chosen methodology and the number of returns mean that there are some limitations to the project and therefore to the findings which should be borne in mind when reading the report.

Snap shot: Firstly, the survey itself was a snap shot survey over a short period of time. This means that direct comparisons cannot be made between the findings of this survey and the findings of the previous Anglicare Tasmania surveys (Wolstenholme 1998; Madden 2004). Changes cannot be tracked over time

– this report simply describes the characteristics and experiences of the people responding to the survey between 20 April and 1 May 2009.

Return rate: Secondly, the return rate was lower than expected. The 2004 survey had 812 returns; this survey had 411. This lower return rate limited the capacity to conduct reliable analysis in some areas due to the small size of some population groups represented in the survey and therefore some potentially interesting cross-tabulations are not included because the data is too unreliable. In particular, there were a number of groups for whom there did appear to be indications of disproportionately high levels of disadvantage and hardship, but where the sample size was not sufficiently robust to generate consistently reliable results. As a result, findings concerning some groups are absent from the report. These groups included people from a non-English speaking background, couples with no children and, in some cases, people buying their own home – although where reliable figures are available for these groups they are of course included. There also appeared to be the potential for some interesting findings about two other groups but again, small sample sizes limited the capacity to include them in all of the analysis. These groups were people aged 55 and over and people receiving Youth Allowance.

The virtual halving of the return rate between 2003-04 and 2008-09 should not be taken as an indication of a decline in need for emergency relief and financial counselling services. Rather, many participating services reported that the reason they had been unable to complete as many surveys as they would have liked was that their services were so busy, their workers simply did not have time to go through the survey form with clients. Demand for emergency relief services has certainly increased sharply in recent years: after a slight decline between 2003-04 and 2006-07, the number of people accessing emergency relief in Tasmania rose 29% from 12,300 to 15,900 people between 2006-07 and 2007-08 (FaHCSIA, cited in Adams 2009, pp. 26, A1.39). It would be reasonable to assume that the global financial crisis would have led to continuing high demand in 2008-09.

Voluntary: Thirdly, the survey was a voluntary one. Clients did not have to participate. Therefore, those who did respond may not necessarily represent the emergency relief and financial counselling client group as a whole. Some attempt was made to compare the characteristics of the respondents to this survey with the characteristics of the client group of one of Tasmania's main emergency relief providers in order to get a sense of the similarities and differences between the survey participants and the wider client group. The findings of other surveys located during the literature review have also shed some light on this issue. Generally, although in many cases the participants in this survey do represent the wider client group, there are some important differences and these should be borne in mind. These differences are discussed in section 2.7 of this report.

Coverage: Fourthly, of the 411 returned surveys, only 4.4% (18 surveys) were from financial counselling clients. This is partly because there is only one financial counselling service in the state providing personal financial counselling and partly because this service is extremely busy and workers had limited time to spend going through the survey with clients. The very small number of financial counselling clients means that findings cannot be made exclusively about these clients. It also means that the results for participants in general are likely to overwhelmingly reflect the experience of emergency relief clients rather than financial counselling clients.

1.2. An overview of emergency relief and financial counselling services

According to the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), the objective of emergency relief 'is to assist people in financial crisis to deal with their immediate crisis situation in a way that maintains the dignity of the individual and encourages self-reliance' (FaHCSIA 2009c). Organisations themselves have the autonomy to conduct their own needs assessment of clients and to determine the level and type of assistance appropriate for each individual (FaHCSIA 2009e, p.8).

Emergency relief services provide assistance in a range of ways, including vouchers to purchase food, transport or medication, cash assistance with the payment of rent or other housing costs and utility bills, material items including food and clothes, support with budgeting and referrals to other services (FaHCSIA 2009c). In Tasmania, emergency relief providers also distribute funding to assist electricity customers with the costs of electricity and telephone vouchers to assist with the cost of Telstra home phone bills and public telephones. The electricity funding is provided by Aurora Energy as part of its hardship policy and distribution is coordinated by the Salvation Army.[1] The funding was doubled at the end of July 2009 in order to meet unmet demand and funding levels will be indexed in future to changes in electricity prices (Aurora Energy n.d., p. 4; Davis 2009). The Telstra vouchers are provided under Telstra's 'Access for everyone' program (Telstra 2008, pp. 34-5).

The mix of assistance provided by emergency relief services may vary from service to service; those services with strong donor bases or which run op-shops, for example, may have greater capacity to

[1] In Tasmania, Aurora Energy is the sole provider of residential electricity services.

provide food or clothing than services that only receive government funding. In Tasmania there are 20 emergency relief providers, ranging from large and high profile organisations with outlets across the state to very local organisations that provide services to a small community. The smaller organisations often have restricted opening hours. Because program guidelines generally bar services from using emergency relief funds to employ workers, most providers, particularly the smaller ones which lack the capacity to source other funds from donors or op-shops, deliver most of their emergency relief using volunteer labour.

Financial counsellors offer slightly different services, but their target group is the same: people experiencing personal financial difficulties. Financial counsellors can assist people to negotiate with creditors, advocate with government or non-government organisations, provide advice on what to do about outstanding bills or debt recovery, develop budgeting and financial management skills and provide information on bankruptcy and assist people to explore alternatives (FaHCSIA 2009b). Financial counselling in Tasmania is provided by Anglicare Tasmania and is available statewide. About a third of the funding is provided by the Commonwealth, with the remaining two thirds provided by the Tasmanian Government (P Mallett [Anglicare Tasmania] 2009, pers. comm., 27 October). The Anglicare Financial Counselling Service also receives funding from the Tasmanian Department of Health and Human Services to provide financial counselling to people affected by gambling problems under the Break Even service network banner.

1.3. The policy environment

Emergency relief and financial counselling services are funded by FaHCSIA under the Financial Management Program (FaHCSIA 2009c) and can also, as occurs in Tasmania, receive state funding. The Financial Management Program aims 'to build financial resilience and wellbeing among those most at risk of financial and social exclusion and disadvantage. The Program helps people across a range of income and financial literacy levels to manage their money, overcome financial adversity, participate in their communities and plan for the medium to long term' (FaHCSIA 2009e, p. 5). The program also includes money management information and education in remote communities, information about saving for retirement through the National Information Centre on Retirement Investments and research on problem gambling coordinated through the Ministerial Council on Gambling (FaHCSIA 2009d). The State Government's funding for financial counselling in Tasmania is provided with the objective of assisting clients 'to control finances by setting and achieving goals through planning & [sic] education, involving family members who take part in the earning, spending or budgeting of financial resources'

(P Mallett [Anglicare Tasmania] 2009, pers.comm., 27 October).

The Financial Management Program was this year restructured by the Australian Government. The restructure included the introduction of new funding agreements, the removal of some of the constraints on the use of emergency relief funding in order to improve the capacity of services to connect clients with support services where necessary, and a number of major funding injections (FaHCSIA 2009e, p. 2).

The specific constraints on the use of emergency relief funding that have been removed include an increase in the proportion of funds providers can use for administrative costs. Previously, providers were permitted to use 15% or $5000 of their funding, whichever was the lesser, for administrative purposes, excluding wages. The $5000 cap has now been lifted to $6000. In addition, providers are now permitted, with Departmental approval, to use part of their funding to employ case managers and broker more holistic services, transfer funds between outlets to respond to changes in need and use funds for 'a diverse range of activities that build financial resilience and social inclusion' (FaHCSIA 2009e, p. 8). The Australian Government has also announced that funding will be provided to train emergency relief workers so that they can provide basic financial literacy and budgeting advice (Macklin 2009).

As noted above, in addition to federal funding, emergency relief providers can receive state funding, although this does not always occur. In 2009 the Tasmanian Government committed funding to the emergency relief program for the first time, providing $1 million 'in recognition of the tremendous impact of the economic downturn on people in crisis' (Bartlett & Macklin 2009). The distribution of this funding is being coordinated by the Social Inclusion Unit, part of the Department of Premier and Cabinet (Parliament of Tasmania 2009, vol. 2, p. 10.7).

1.4. An overview of the literature

A substantial body of literature exists exploring the experiences of emergency relief and financial counselling clients, although studies of the latter group tend to focus on debt. This section does not purport to be an exhaustive review of the literature that is available, but does provide a picture of the kind of research that has previously been conducted and some of the key themes that emerge from that literature. It concentrates on those studies published since *Bread and Board* in 2004.

While some of the surveys and other studies of emergency relief and financial counselling clients are general in their focus (e.g. VicRelief Foodbank 2008; Engels, Nissim & Landvogt 2009; King et al. 2009), others concentrate on specific aspects of financial crisis, such as the school-related costs incurred by households with children (Weaving et al. 2004) or the cost of electricity (Babbington & King 2008). In Victoria, Duggan and Sharam (2004) analysed a random selection of financial counselling cases from between July 2000 and June 2003 and a survey of Commonwealth Rent Assistance recipients not on a waiting list for social housing to explore the intersection between the demands of utilities costs and the demands of rent on low income earners' budgets. The Salvation Army recently released the findings of a national survey of its emergency relief clients exploring the personal impacts of the global financial crisis, comparing its findings with the findings of a similar survey of the general community conducted via the Army's website (Salvation Army 2009b). Food insecurity was the focus of a major study in Sydney (Babbington & Donato-Hunt 2007). Anglicare Victoria conducts an almost annual series of snap shot surveys of its clients with a particular focus on experiences of financial crisis (e.g. Anglicare Victoria 2008; Wise et al. 2009). A series of four reports in New South Wales analysing data provided by over 20 financial counselling services looked at the characteristics of financial counselling clients in that state with a particular focus on their experience of debt (Griffiths & Renwick 2001, 2002, 2003; Griffiths 2004). A major research project, led by the Social Policy Research Centre, to develop and examine measures of deprivation and social exclusion in Australia, has also conducted two national surveys of clients of welfare agencies, in 2006 (Saunders, Naidoo & Griffiths 2007) and 2008 (Saunders & Wong 2009), although not all of those participating were emergency relief or financial counselling clients (Saunders, Naidoo & Griffiths 2007, p. 99; Saunders & Wong 2009, p. 18).

While most of the research available is quantitative, based on surveys or analysis of datasets, some studies do use qualitative research methods, often to explore more complex issues such as the impact of financial crisis on parenting behaviour (Ng 2006), the survival strategies employed by single parents living in poverty (Barth & Gridley 2006) or the quality of interpersonal relationships among emergency relief clients (Frederick 2006). The literature tends to relate to services and experiences interstate – very little has been published in Tasmania since *Bread and board*.

Across the literature, the characteristics of the client group are very similar, even though the level of representation of different population groups may vary. A report based on data provided by emergency relief outlets in Victoria found that a broader range of clients are now seeking emergency assistance, particularly in relation to food. The report identified 11 different client 'types': those who were financially disadvantaged, those who were unemployed, those who were homeless or in special accommodation, people with substance use or substance dependence issues, young people, people with physical or psychiatric disabilities, Aboriginal and Torres Strait Islanders, refugees and asylum seekers, people seeking drought relief and 'others', which included pensioners (VicRelief Foodbank 2008, p. 7). An on-line survey of 23 emergency relief agencies in Victoria identified an increase in client numbers over the preceding year. The client groups contributing to the increase including the 'working poor' who were being affected by rising costs of living, people who had been 'breached'[2] by Centrelink, people unable to find affordable housing, homeless people, older people whose partners had died or moved into residential care, people who had arrived in Australia as refugees from Africa and children at risk due to family circumstances. The people experiencing the greatest increase in difficulty were people with mental illnesses or other health issues, isolated elderly people, children, migrant families, the 'working poor', homeless people and 'even some middle class people' (Chaitman 2008, pp. 4-5). VicRelief Foodbank identified growing demand for emergency relief in Victoria from people in rural communities, both those earning a living from farming and experiencing hardship due to drought and those living in rural towns and suffering as a result of the substantial downturn in the local economy caused by hardship on farms (VicRelief Foodbank 2008, pp. 7-8).

A study of the impact of school costs on low income families reported that one emergency relief service estimated that about two thirds of all clients seen between February and April 2004, the year of the study, were affected by financial problems as a result of school costs (Weaving et al. 2004, p. 14). More than half of the 6000 clients who approached the emergency relief outlets of Anglicare Sydney between July 2007 and January 2008 needed assistance with issues relating to household organisation, ranging from issues such as difficulty performing basic household tasks like cleaning, gardening and shopping through to difficulty acquiring household furniture and goods and budgeting problems. Unemployment, debt and physical health problems each affected about one fifth of clients (Babbington & King 2008, pp. 6-7). A 2009 survey of 42 emergency relief clients identified high levels of deprivation, including particular difficulties in accessing prescription medication and dental care (Wise et al. 2009, p. 2).

Research in Victoria identified a rising incidence of credit debt as a trigger for clients needing assistance (VicRelief Foodbank 2008, p. 7). In New South Wales over a four year period, Griffiths and Renwick (2001, 2002, 2003) and Griffiths (2004) produced a series of reports analysing the data generated by around 2500 financial counselling interviews in each of the four years. The reports provide a demographic profile of the client group and have a specific focus on credit and debt. The fourth report

[2] A Centrelink 'breach' occurs when an income support recipient is deemed by Centrelink to have failed to comply with the conditions and obligations attached to their payment (for example, a person on unemployment benefits has failed to attend a job interview). This failure incurs a penalty, such as cessation of payment for a defined period, and the penalty is colloquially known as a 'breach'. The most severe of these penalties is an eight week non-payment period, which applies to 'serious failures' or 'deliberate and persistent' avoidance of obligations (Centrelink 2009k).

consolidates the finding of all four studies. A key finding was that there was no evidence to suggest that clients' use of credit was excessive relative to the rest of the population; in fact, their access to credit appeared to be limited by sound commercial lending practices. Nevertheless, clients were financially overcommitted, with many unable to meet their repayments without major lifestyle changes, and others unable ever to repay their debts and likely to end up bankrupt (Griffiths 2004, p. 47).

Food is a core focus of emergency relief service provision in particular. A survey in February and March 2005 in Sydney found that 84% of all emergency relief clients seeking material assistance during the survey period had received food-related assistance such as food vouchers and food parcels (Babbington & Donato-Hunt 2007, p. 8). The focus on food provision plays an important role in shaping both the design of service-initiated research and its findings. A survey of changing patterns of demand among emergency relief clients in Melbourne by FareShare, a food distribution network, was conducted in order to plan the quantity, form and variety of meals produced in its kitchen (Chaitman 2008, p. 1). VicRelief Foodbank identified a growing demand for food relief in regional areas and a growing diversity in the types of people needing food support or depending on food support in metropolitan areas, but acknowledged that the growth may be in part attributable to a 99% growth in the membership of the Foodbank network over the preceding three years (VicRelief Foodbank 2008, p. 8).

In recent months, two major studies of financial crisis among emergency relief clients have been produced, one in Victoria and one in New South Wales. King et al. analysed data relating to 12,863 emergency relief clients who had sought assistance between July 2007 and February 2009. The quantitative data was supplemented by focus groups with emergency relief clients. Among their findings, they identified rising demand and increasing levels of assistance being provided over the study period (King et al. 2009, p. 14). The main reason for needing assistance, cited for 17,500 of 27,000 visits was a 'low income leading to an inability to manage finances'. Unemployment, housing issues, debt and physical health problems were also cited (King et al. 2009, pp 14, 19). Engels, Nissim & Landvogt conducted a series of three snap shot surveys in April and May 2007, mid-September 2007 and January and February 2008. The researchers concluded that demand for emergency relief was created by a combination of inadequate income, high costs of living and a lack of supporting financial resources such as insurance, savings or assets among clients (Engels, Nissim & Landvogt 2009, p. 4). Both these studies are particularly useful because they were conducted in a similar, although not identical, timeframe to the current survey, which means that the findings will be influenced by the recent changes in global financial settings and whatever consequences these changes may be having for low income earners in Australia.

CHAPTER 2

The survey participants

Key findings

The 411 people who participated in the survey tended to be:

- female
- aged under 45
- from urban areas
- single, with or without children
- renting, either publicly or privately
- dependent on income support payments, especially payments in respect of disability, single parenting and unemployment.

Just over one in ten participants were homeless.

About half had dependent children.

Very few people received income from paid employment and about two thirds of those who did work were also receiving income support payments.

Compared to the Tasmanian population as a whole, people identifying as an Aborigine or Torres Strait Islander, larger families and people with mental illnesses were over-represented and people from non-English speaking backgrounds and couple households, with or without children, were under-represented.

Compared to the emergency relief client group as a whole, women, younger people, Aboriginal and Torres Strait Islander people, home buyers and couples, with and without children, may be over-represented and men, older people, especially older women, people with a refugee background and homeless people may be under-represented.

This chapter explores the characteristics of the participants in the survey. Sections 2.1 to 2.6 discuss gender, age, location, cultural background, living arrangements and housing, income and disability, and compare the proportion of participants in the various population groups to the respective proportions of the Tasmanian population in those groups. They also explore some of the possible reasons for any major discrepancies. Section 2.7 then compares the characteristics of the participants to the characteristics of emergency relief clients to get a sense of whether or not the participants are 'typical' of the client group.

2.1. Gender and age

A clear majority (67.2%) of the participants in the survey were female. The over-representation of women could be attributable to cultural norms which mean that women are often responsible for essential household expenditure (Engels, Nissim & Landvogt 2009, p. 36). It could be evidence of the 'feminisation of poverty', or the greater vulnerability of women to poverty and financial hardship (King et al. 2009, pp. 39-40). It could also be a function of the methodology – women are more likely than men to participate in voluntary surveys (PEAS Project 2004). Anecdotally, service providers report that women are more likely to choose to seek assistance, while men are more likely stay away out of pride and a belief that they, as men, should be able to provide for themselves and their household, and that in couple households, women are often seen as the appropriate person in the household to approach a service for support. That couple households seeking assistance are more likely to be represented by the female partner has emerged anecdotally in other research as well (Engels, Nissim & Landvogt 2009, p. 36) and there is support for it in the findings of this survey: three quarters (75.0%) of those participants who were part of couple households – with or without children – were women.

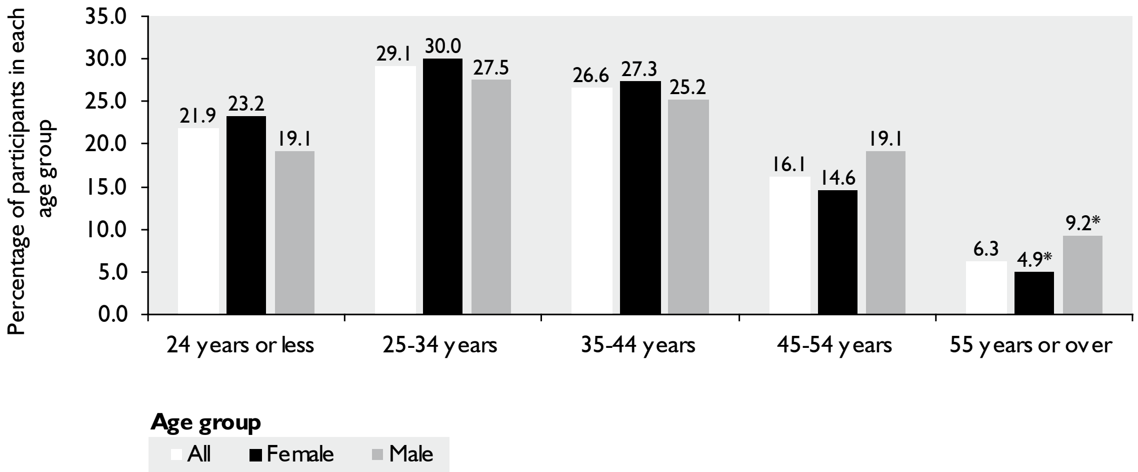
The majority of participants were also younger people: half (51.0%) were aged 34 or less and only 22.4% were aged 45 or more. These results are in stark contrast to Tasmania's demographic profile, which is of a much older population. According to Census data from 2006, 44.0% of Tasmania's total population is aged 34 or less and 41.9% is aged 45 or more (ABS 2006b). The findings are also inconsistent with the usual results of voluntary surveys, which tend to under-represent younger people (PEAS Project 2004). Yet the findings are reasonably consistent with the findings of other emergency relief research: Engels, Nissim and Landvogt (2009, pp. 35-6) note the younger age profile of the participants in their survey of emergency relief clients and the relatively small number of people aged 65 and over, suggesting it demonstrates that 'middle adulthood – the most intensive parenting and working years' is the life stage where people are most vulnerable to financial hardship. A 2002 voluntary survey of emergency relief participants in Victoria also identified a bias towards younger people (Community Information Whittlesea 2002, p. 6), as did the previous versions of this current survey (Madden 2004, p. 11; Wolstenholme 1999, p. 25). Both Engels, Nissim and Landvogt (2009, p. 36) and King et al. (2009, p. 17) cite anecdotal evidence from service providers that retired people appear better able than other age groups to cope on a limited income. Bray (2001, pp. 32-3) found that levels of hardship fell steadily with age, and that, with the exception of single people aged up to 44, this held true for other indicators of financial stress as well, regardless of household type.

Other research has also identified a greater vulnerability to financial difficulty and hardship among younger people. Marks (2007, pp. 13-16, 26, 33-4) used data from 2001 and 2002 to explore three measures of financial disadvantage, income poverty (both before and after housing is paid for), subjective poverty (defined as whether the participant saw themselves as poor or very poor) and financial stress, and found that while older people had the highest rates of before-housing poverty and people aged 35-64 reported slightly higher levels of subjective poverty, after-housing income poverty and particularly financial stress were most prevalent among younger people. Marks suggested the greater levels of financial stress among young people could be attributable to a number of causes, including young people's lack of experience in financial management and a cultural shift towards a more consumerist lifestyle among young people (Marks 2007, p. 47). Drawing on data generated by the Social Policy Research Centre's 'Towards new indicators of disadvantage' project, Davidson (2008, pp. 2, 13) also found that young people experienced higher levels of deprivation and suggested that this might be because young people had not yet accumulated the assets that cushion many older people from hardship, such as their own home, and faced higher costs due to the presence of children or involvement in the labour market. Lloyd, Harding and Payne (2004, pp. 6-7) analysed Australian Bureau of Statistics (ABS) data from 2001 and found that 15-24 year olds experienced the highest rates of poverty of any age group. The authors argued that younger people may be more vulnerable to poverty due to difficulties obtaining secure and ongoing employment, lower rates of pay, commitment of time to unpaid study and dependence on income support payments such as Youth Allowance which fall well below the poverty line.

The presence of so many younger people among emergency relief clients may also be reflective of the fact that older people, in Australia at least, tend to be outright home owners. According to the ABS data on housing occupancy and costs, the rate of outright home ownership among Australians steadily increases with the age of the reference person, from just 6.5% among people aged 25-34 to 84.7% among people aged 75 and over (ABS 2007e). Rates of home ownership among the survey participants were low (7.1% were buying their home and 1.8% or just seven households owned their home outright), but, although not as extreme a trend as that indicated by the ABS, home ownership rates among the survey participants did become higher with age – 78.6% of the home buyers and all of the home owners were aged 35 or over. Although outright home owners still incur costs associated with their housing, the removal of rent or mortgage payments frees up income that can be used for other essential items. Bray found that outright home owners and home purchasers both reported lower levels of hardship than did people in other forms of tenure and people in the community generally (Bray 2001, p. 37), although it is important to note that this analysis was conducted before the recent housing boom. Davidson (2008, pp. 15, 17) found that although older people reported lower levels of difficulty overall, older renters experienced much higher levels of deprivation and were more likely to go without essentials such as decent and secure housing, prescription medicines and dental treatment, underlining the importance of home ownership in protecting older households from hardship. In its submission to the 2003-04 Senate inquiry into poverty and hardship in Australia, the Tenants' Union of Victoria argued that home ownership was the most cost-effective housing tenure for all households because it was the only tenure in which housing costs reduced over time and which resulted in the accumulation of a substantial asset (cited in Community Affairs References Committee 2004, p. 137).

As shown in Figure 1, when gender and age are considered together, it appears that the women who participated in the survey tended to be slightly younger, while the men tended to be slightly older.

Figure 1.
Participants' age and gender



** Estimate has a relative standard error of 25-50% and should be used with caution.*

2.2. Location

The survey collected information on participants' residential postcode. Two fifths (40.2%) of the participants lived in the southern region of Tasmania, two fifths (42.4%) in the northern region and one fifth (17.4%) in the north-western region, and 65.8% were from postcodes classified for the purposes of this research as urban. These locations do not match the population distribution reported by the ABS, which is 49.3% in the south, 28.4% in the north and 22.2% in the north-west (ABS 2007f), with only 58.1% of the population living in urban areas (ABS 2006a).[3] Northern Tasmanians and urban residents appear to be particularly over-represented.

Participants living in the south were much more likely to be living in urban areas – 89.2% of southerners were from an urban area – while people from the north were only slightly more likely to live in an urban area than a rural area, with 54.5% living in postcodes classified as urban. The participants from the north-west were predominantly from rural areas, with only 39.1% living in urban postcodes.

Although the level of need for emergency relief in particular geographical areas may be part of the reason for the geographical distribution of participants, it is very likely that the distribution of participating services and the capacity of these services to offer the survey to their clients played a role. The level of access people in a particular area have to emergency relief and financial counselling services could also be a factor.

2.3. Cultural diversity

A considerable minority of 15.4% of the participants said that they were an Aborigine.[4] Given that the 2006 Census records just 3.5% of the Tasmanian population as Aboriginal (ABS 2006c),[5] the survey result suggests that Aborigines are massively over-represented in the sample. However, because people were asked to self-identify, the figure of 15.4% may be an over-count, as it is possible that not all participants who said they were Aboriginal would meet a formal definition of Aboriginality – although this caveat would apply to Census data as well.[6]

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[3] The regions of south, north and north-west used in this report correspond to the ABS' statistical regions of Greater Hobart-Southern, Northern and Mersey-Lyell. The ABS has allocated postcodes to particular regions – the Greater Hobart-Southern region contains postcodes 7000-7190 and 40% of 7215, the Northern region contains 7209-7304 excluding 7256 and 60% of 7215, and the Mersey-Lyell Region contains 7256 and 7305-7470 (ABS 2007f). For the purposes of this research, the postcode 7215 was allocated to the Northern region. In this report, urban areas include the following postcodes: 7000-7011, 7015-7019, 7030-7053, 7248-7250, 7310 and 7320. All other areas are defined as rural. This definition is the same as that used in Madden (2004). Analysis of Census data on the residential population of these postcodes was used to generate the ABS figure of 58.1% living in urban areas.

[4] In this report, 'Aborigines' and 'Aboriginal' refer to Aboriginal and Torres Strait Islander people.

[5] Anglicare acknowledges that the use of ABS data on Aborigines in Tasmania is problematic because the Aboriginality of many people included in the statistics has come under question.

[6] The Tasmanian State Government's policy on eligibility for Aboriginal and Torres Strait Islander specific programs and services is based on the definition used in the Australian *Aboriginal and Torres Strait Islander Commission Act 1989* and the Tasmanian *Aboriginal Lands Act 1995*. It states that that an Aboriginal person or Torres Strait Islander must be of Aboriginal and Torres Strait Islander descent, identify as an Aboriginal or Torres Strait Islander and be accepted as such by the community in which he or she lives or has lived (Office of Aboriginal Affairs 2008).

There is clear evidence that Aborigines and Torres Strait Islanders face much higher levels of disadvantage than non-Aboriginal people (Australian Government 2009a, pp. 10-17). Therefore, even if the figure of 15.4% is not completely accurate, it would be reasonable to expect that Aboriginal people would be over-represented among clients of services that work with extremely disadvantaged people. For this reason, this report has drawn some conclusions about the experiences of Aboriginal participants. However, these findings should be treated with care given the caveat outlined above.

Only 5.9% of the participants said they were from a non-English speaking background, and of the 6.1% of participants who said they were born in a country other than Australia, just over half (52.2%*) had been born in the United Kingdom. There did not appear to be a striking correlation between being from a non-English speaking background and being born outside Australia – nearly three quarters (72.7%) of those who said they were from a non-English speaking background also said they had been born in Australia. However, according to the 2006 Census, 8.0% of Tasmanians speak a language other than English at home and 16.8% were born in countries other than Australia (ABS 2006c). This suggests that participants from a non-English speaking background or from other countries are under-represented in the survey results, as does the fact that people from non-English speaking backgrounds have been identified as being particularly vulnerable to persistent poverty (Vinson et al. 2009, pp. 13-14) and to financial hardship (Lloyd, Harding & Payne 2004, p. 9).

Only three participants said they had arrived in Australia on a refugee visa, a sample far too small to provide any further accurate information. This is disappointing given recent research that has identified that newly arrived refugees in Tasmania are experiencing considerable disadvantage and hardship (Flanagan, J 2007). There is also anecdotal evidence from emergency relief providers that refugees are commonly approaching their services for assistance. However, many, although not all, newly arrived refugees have limited spoken or written English skills and would not have been able to complete the survey, either on their own or with support, without an interpreter being provided. This would also be true of some other clients from a non-English speaking background. A different kind of research methodology would be needed to capture information on this group of clients.

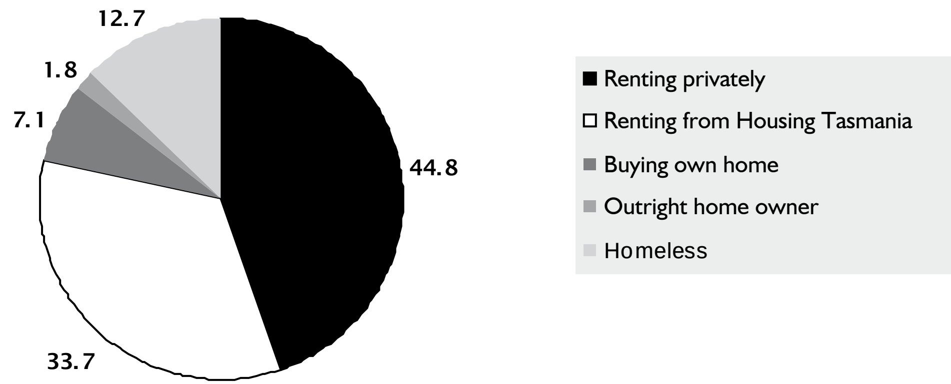
2.4. Housing and living arrangements

Tenure type: Figure 2 illustrates that, in stark contrast to the population as a whole, the majority

* Estimate has a relative standard error of 25-50% and should be used with caution.

(69.1%) of whom are either buying or fully own their home (ABS 2006c), the majority of the survey participants were renters, renting either privately[7] or from Housing Tasmania. Only a small proportion of participants were home-buyers and an even smaller proportion (equating to just seven people) owned their own home outright. The other participants were homeless, of which a small majority (56.0%) were in 'secondary homelessness' (living in crisis accommodation or staying with family and friends) and more than a quarter (26.0%*) were 'sleeping rough'.

Figure 2.
Participants' housing tenure



Living arrangements: The most common living arrangements reported by participants were people living on their own (31.1%) and single parents (30.6%), followed by couples with children (16.9%). Other living arrangements were less common – 8.2% of participants were part of a couple with no children, 6.5% lived in a share house and 5.0% lived with extended family. Less than a third (27.8%) of respondents had a partner.

Once again, there are considerable disparities between the survey results and 2006 Census data. Table 1 shows these differences.

[7] The survey question about private rental actually referred to 'private/other' rental, and so these renters would include people renting from community housing providers. However, community housing currently makes up only a tiny proportion of the total housing market in Tasmania, with just 603 properties (Tasmania, House of Assembly, Budget Estimates Committee 2009, p. 69), which means the overall impact on the results should be minimal.

* Estimate has a relative standard error of 25-50% and should be used with caution.

Table 1.
Living arrangements: survey participants compared to Tasmanian population

Living arrangement[a]		Percentage of participants in survey in this living arrangement (%)	Percentage of Tasmanian population in this living arrangement according to 2006 Census (%) (ABS 2006c)
Lone person household		31.1	25.9
'Family' households		60.7	67.3
of these:	Single parent families	50.4	16.7
	Couples without children	13.5	40.5
	Couples with children	27.9	41.4

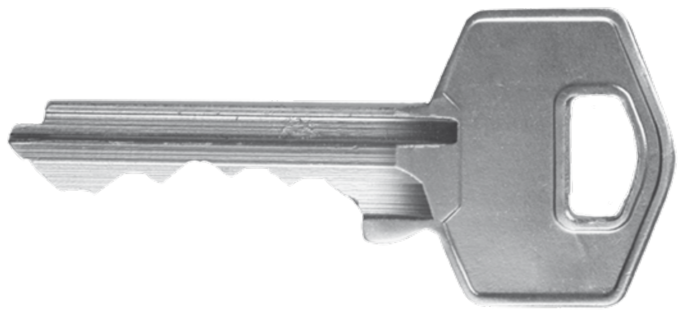
[a] *Categories of living arrangement are those used by the ABS (ABS 2006c).*

Table 1 suggests that overall, single parents are heavily over-represented among the survey participants, single people are also over-represented, and couple households, particularly childless couples, heavily under-represented.

The disproportionate number of single people and single parents is not particularly surprising given the findings of other research into financial stress, although which of the two groups is most at risk of hardship varies according to the form of analysis. Single parents with dependent children were found by Bray (2001, p. 29) and Madden and Law (2005, p. 21) to have the highest rates of financial stress and hardship of a range of household types. The 2003-04 Senate inquiry into poverty and financial hardship identified single parents and single people on low incomes as being among those groups of Australians most at risk of poverty (Community Affairs References Committee 2004, p. 41) and analysis by Lloyd, Harding and Payne (2004, pp. 10-12) found that nearly six in ten Australians living in poverty were single people, with or without children, with the highest rate of poverty affecting people living alone, while couples, with and without children, had much lower than average levels of poverty. The Social Inclusion Board of Australia has found that single parents and non-aged singles are among the groups most at risk of persistent poverty, with non-aged singles also among those groups experiencing the most stringent levels of persistent poverty (Vinson et al. 2009, p. 13). Finally, a recent study in Sydney identified that single people, including single parent families, people living alone and singles living in shared accommodation, were the most at risk of financial crisis, with single parent families in particular experiencing the greatest levels of difficulty (Lobo 2009, p. 47).

Children: Just over half (51.4%) of participant households included dependent children, and among these households, smaller families (one to two children) tended to be the norm. Only one third (33.0%) of households with children had three or more children (16.9% of all participants). However, although the higher proportion of smaller families fits with demographic trends towards women having fewer children (Weston, Qu & Soriano 2003, pp. 6-7), comparison to 2006 Census data suggests that larger families (those with three or more children) are slightly over-represented among survey participants; in 2006, only 20.3% of Tasmanian couple and one parent families with children had three or more dependent children usually resident (ABS 2007a), compared to 33.0% of families participating in this survey.

Single parent households were more likely to have fewer children – nearly three quarters (72.5%) of single parents in this survey had only one to two children, compared to 53.6% of couples with children. The survey did not obtain the information needed to ascertain whether the presence of more children in couple households is because these households are blended families.



2.5. Income

Tasmania has a high level of reliance on income support payments, with one in three (34.1%) Tasmanian households depending on government pensions and benefits as their main source of income, and only around half (53.5%) depending on income from salaries and wages (ABS 2009b, p. 33). The vast majority (94.5%) of participants in this survey were receiving income support payments, with the most common payments being the Disability Support Pension, Parenting Payment Single[8, 9] and Newstart Allowance, as shown in Figure 3. Only a small number of respondents (8.3%) received any income from employment. Where participants had partners, they too depended heavily on income support payments: 82.4% were on some kind of income support and only 17.6% had income from employment.

Of the small number of participants who did receive some income from employment, only one third (33.3%*) received no income support payments, which suggests that the majority were using paid work to supplement the income they received through their pension or benefit. Of those participants with partners, in only four households were both the participant and their partner receiving income from paid work and in only two were both receiving income only from paid work and from no other source.

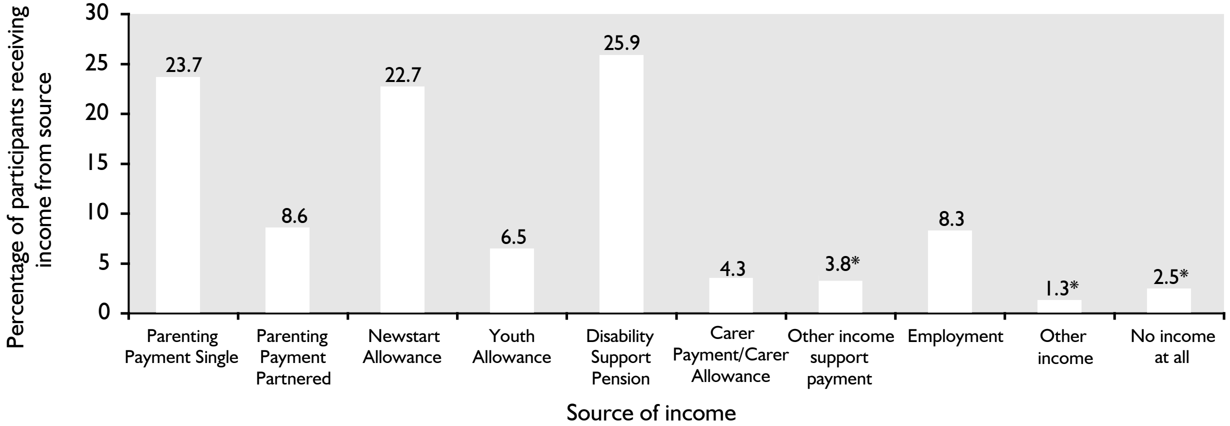
Information was not collected on the income of any other members of the household, such as older children, who could potentially be bringing income into the household either through employment or income support payments.

[8] Parenting Payment is an income support payment intended to help with the costs of caring for children which is paid to the main carer of a child. Although both single and partnered parents can receive Parenting Payment, different income and asset tests, rates of payment and additional entitlements apply. Parenting Payment for single parents includes a pension supplement and is known colloquially as the sole parents' or single parents' pension (Centrelink 2009h). In this report, the single rate of Parenting Payment is referred to as Parenting Payment Single and the partnered rate as Parenting Payment Partnered.

[9] At many times throughout this report, there is, unsurprisingly, an obvious overlap between the experiences of people receiving Parenting Payment Single and that of single parent households. However, the two groups of participants were not exactly the same: for example, only three quarters (73.9%) of single parent households were dependent on Parenting Payment Single – small numbers received other payments, particularly Newstart Allowance and the Disability Support Pension. Parenting Payment Single recipients were more likely to be women than single parents – 94.6% were female compared to 87.0% of single parent participants. People on Parenting Payment Single were also slightly younger – 69.5% were aged 34 or less compared to 59.2% of single parent households – and were slightly more likely to have larger families – 34.1% had three or more children compared to 26.6% of single parent households. Because of these differences, Parenting Payment Single and single parent households are generally treated as separate groups in the analysis. However, where there is striking commonality in the findings, this is also acknowledged in the way the groups are described in the text, e.g. 'people on Parenting Payment Single/single parents'.

* Estimate has a relative standard error of 25-50% and should be used with caution.

Figure 3.
Participants' source of income



***Note:** Percentages do not add to 100 because some participants had more than one source of income.*

** Estimate has a relative standard error of 25-50% and should be used with caution.*

As Figure 3 demonstrates, a small number of participants (10 households) had no income at all. In five of these households this was due to a Centrelink 'breach' or non-payment period. Seven participants said that their partner had no income at all, with the reasons for this including Centrelink breaches, recent loss of employment and imprisonment.

The most recent statistical information available on the distribution of income support payments in Australia was released in 2009 but dates from 2005. A comparison between this data (FaHCSIA 2009f) and the findings of the survey is shown in Table 2. The figures for the survey participants differ from those shown in Figure 3 because they have been adjusted to exclude those participants who did not receive income support; this was done to improve the compatibility of the figures with the Australian data, which relates only to income support recipients.

Table 2.
Income support payments: survey participants compared to Australian income support recipients

Income support payment	Percentage of income support recipients in the survey on each payment (%)	Percentage of Australian income support recipients on each payment in June 2005 (%) (derived from FaHCSIA 2009f, p. 2)
Disability Support Pension	27.5	14.8
Parenting Payment Single	25.1	9.4
Parenting Payment Partnered	9.1	3.5
Newstart Allowance	24.0	9.5
Age Pension	1.9*	40.1[a]

**Estimate has a relative standard error of 25-50% and should be used with caution.*
[a]Includes recipients of Department of Veterans' Affairs Age Pensions.

Table 2 indicates that people on the Disability Support Pension, Parenting Payment Single and Newstart Allowance are greatly over-represented when compared to the proportions of people on these payments among all income support recipients. People on Parenting Payment Partnered are also over-represented. However, the most striking anomaly is the very low proportion of Age Pensioners among survey participants (the proportion in Table 2 equates to just seven people) compared to their dominance among income support recipients as a whole.

An analysis of deprivation and poverty among low income earners in Australia identified that, among income support recipients, the three groups most likely to experience deprivation – defined as lack of access, due to a shortage of money, to a range of essential items including housing, utilities, healthcare and regular social contact – were people on Newstart Allowance, Parenting Payment (mainly single parents) and the Disability Support Pension. Their rates of deprivation were well over twice those of the general community (Davidson 2008, p. 17).

The low representation of Age Pensioners could be partly explicable by the issues raised in the discussion of poverty, hardship and older people in section 2.1. Age Pensioners do appear to be less likely than people on other income support payments to access emergency relief services: unpublished data from one Hobart-based emergency relief outlet indicates that in 2007-08, only 4% of the households assisted were dependent on the Age Pension (P Flanagan [St Vincent de Paul Society] 2008, pers. comm., 25 August). Age Pensions provide a comparatively more generous level of income and apply a less stringent means test than allowances such as Newstart (Ingles & Denniss 2009, p. 2), and this could be a factor. According to FaHCSIA, Age Pension increases have consistently outstripped increases in the cost of living since 1997 (FaHCSIA 2008, p. 28). However, a Senate inquiry into the cost of living pressures facing older people heard compelling anecdotal evidence of severe financial stress affecting some older people and expressed concern about 'the possible under-reporting of financial stress [among older people], due to the greater propensity of older people to endure their circumstances without complaint' (Standing Committee on Community Affairs 2008, p. 138).

2.6. Disability

Among participants receiving the Disability Support Pension, the most common disabilities reported were physical disabilities and mental illness – 53.5% of pension recipients had a physical disability and 50.5% had a psychiatric disability. Nearly a quarter (23.2%) had more than one kind of disability.

When compared to FaHCSIA data on Disability Support Pension recipients, people with a mental illness appear to be over-represented among survey participants – while half the participants in the survey had a psychiatric disability, only 27.3% of all pension recipients have a psychiatric condition (FaHCSIA 2007, p. 14). It is difficult to tell whether people with physical disabilities are over-represented in the survey sample as the FaHCSIA categories are not compatible with the ones used in this survey, but if they are over-represented, it is by a much smaller margin than people with a mental illness.

According to FaHCSIA, 11.3% of Disability Support Pensioners have an intellectual or learning disability and 2.4% have an acquired brain injury. Of the participants in the survey who were receiving the Disability Support Pension, 9.1%* had a learning or intellectual disability and 8.1%* had an acquired brain injury. The numbers of participants involved are very small, so these figures should be used carefully, but it is possible that people with acquired brain injury may also be over-represented among the survey participants.

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* Estimate has a relative standard error of 25-50% and should be used with caution.

The difficulties that people with a severe mental illness can experience with managing on a low income have been documented in Tasmanian research (Cameron & Flanagan, J 2004, pp. 75-6). The characteristics of some mental illnesses include disordered thinking, confusion, lack of motivation and difficulty in planning, and these characteristics can also be common among people with acquired brain injuries (BIAT n.d.). All of these characteristics would have the potential to influence a person's capacity to budget and manage personal spending. For this reason, it is perhaps unsurprising that these groups are over-represented among participants. However, people with intellectual disabilities share similar challenges (Government of South Australia 2009), but do not appear to be over-represented among participants. This is possibly because people with learning difficulties or other intellectual disabilities may have experienced particular difficulties in filling out the survey, especially without assistance.

2.7. Are the survey participants 'typical'?

As discussed in section 1.1.3, this survey was a voluntary survey, which means that the people who chose to participate would not necessarily be representative of the emergency relief and financial counselling client group more generally. There is indirect evidence that the match is reasonable: for example, the most common sources of income for participants in this survey were the Disability Support Pension, Parenting Payment Single or Newstart Allowance. Emergency relief funding is actually distributed among providers based on the regional location of recipients of certain income support payments, including the Disability Support Pension, Parenting Payment Single and Newstart Allowance, so the distribution of these payments is a presumably a useful proxy for the distribution of demand for emergency relief. [10]

The best way to determine whether the survey participants are representative of the client group as a whole would be to compare the demographic characteristics of the participants to that of Tasmanian emergency relief clients. However, it is extremely difficult to get an accurate picture of the characteristics of all emergency relief clients statewide as there are inconsistencies in data collection between agencies and many agencies do not collate their data into a usable format. Instead, as shown in Table 3 below, the characteristics of the participants in the survey have been compared to three different sources. These are data from two recent studies of a similar type to this survey, one a voluntary survey

[10] The other payments are Youth Allowance, Family Tax Benefit Part A (maximum rate), the Community Development Employment Project and Exceptional Circumstances Relief Payment (FaHCSIA 2009c).

of more than 2000 emergency relief clients conducted in Victoria in 2007 and 2008 (Engels, Nissim & Landvogt 2009) and the other a detailed analysis of data collected on 12,863 clients of emergency relief outlets in Sydney (King et al. 2009), and client data for the 2008-09 financial year provided by the Salvation Army, a statewide Tasmanian emergency relief service. For some characteristics, either the reports or the Army's data was not sufficiently detailed or the categories used were not compatible. Where relevant, this is noted. Where data was not available, the table has been left blank. In relation to the Victorian and New South Wales studies, it is important to bear in mind the demographic differences between these states and Tasmania.

Although a direct comparison is difficult due to differences in the way in which the data was collected and collated, the conclusions that are suggested by Table 3 are that the following groups may be over-represented among the participants in the survey: women, younger people, Aboriginal and Torres Strait Islander people, home buyers and couples (with and without children). In addition, the following groups may be under-represented: men, older people (especially older women), people with a refugee background and homeless people. Newstart Allowees, Disability Support Pensioners and single people may also be slightly under-represented and renters (both public and private) may be slightly over-represented. These variations should be borne in mind when considering the results of the survey.

Table 3.
Demographic characteristics of clients: comparison between survey participants, participants in two recent research projects and clients of a Tasmanian emergency relief service

	Client characteristic	Survey participants (%)	Victorian survey participants (Engels, Nissim & Landvogt 2009) (%)	Sydney clients (King et al. 2009) (%)			Tasmanian emergency relief service (Salvation Army 2009a, unpublished data) (%)
	Female	67.2	58.0	63.0			58.0
	Male	32.8	41.1	37.0			42.0
	Aged 24 years or less	21.9	13.4	8.8		20 years or less	12.0
	Aged 25-34 years	29.1	29.5	26.5		21-30 years	31.4
	Aged 35-44 years	26.6	28.7	30.0		31-40 years	27.9
	Aged 45-54 years	16.1	16.2	20.2		41-60 years	17.1
	Aged 55 years or more	6.3	10.0	14.7		61 years or more	11.5
Women	Aged 24 years or less	23.2			Women	20 years or less	13.6
Women	Aged 25-34 years	30.0			Women	21-30 years	32.6
Women	Aged 35-44 years	27.3			Women	31-40 years	20.7
Women	Aged 45-54 years	14.6			Women	41-60 years	16.2
Women	Aged 55 years or more	4.9*			Women	61 years or more	10.9
Men	Aged 24 years or less	19.1			Men	20 years or less	9.7
Men	Aged 25-34 years	27.5			Men	21-30 years	29.9
Men	Aged 35-44 years	25.2			Men	31-40 years	29.6
Men	Aged 45-54 years	19.1			Men	41-60 years	18.5
Men	Aged 55 years or more	9.2*			Men	61 years or more	12.3
	Aborigine or Torres Strait Islander	15.4		11.0			9.0
	Non-English speaking background	5.9		19.0[a]			
	Born outside Australia	6.1					4.6
	Refugee background	**					12.2[b]
	Public housing tenant	33.7	28.1	45.9			27.0
	Private renter	44.8	43.3	33.6			40.0
	Home buyer	7.1	4.7	3.8			6.0
	Home owner	1.8*	2.8	3.5			
	Homeless	12.7	18.6[c]	13.4			
	Single person	31.1	27.6	42.4			54.0
	Couple	8.2	7.3	7.4			4.0
	Single person with children	30.6	32.1	30.6			34.0
	Couple with children	16.9	11.5	11.5			8.0
	Lives with extended family	5.0		4.4			
	Lives in share house	6.5	11.6				
	Has children: 1 child	33.5	35.5				
	Has children: 2 children	33.5	30.6				
	Has children: 3 or more children	33.0	34.0				
	Receives Parenting Payment Single	23.7	27.0	25.7			33.6[d]
	Receives Parenting Payment Partnered	8.6					
	Receives Newstart Allowance	22.7	24.3	27.0			31.1[d]
	Receives Youth Allowance	6.5	3.4				7.1[d]
	Receives Disability Support Pension	25.9	31.4	26.0			28.2[d]
	Receives Carer Payment/ Carer Allowance	4.3	2.3				
	Receives other income support payment	3.8*	6.5				
	Has income from employment	8.3	11.0[e]				

** Estimate has a relative standard error of 25-50% and should be used with caution.*
*** Estimate has a relative standard error greater than 50% and is considered too unreliable for general use.*
[a] This figure refers to the proportion of participants who indicated that they were born in a non-English speaking country. Therefore it excludes people who were born in Australia but are of a non-English speaking background.
[b] The survey asked: 'Did you arrive on Australia on a refugee visa?'. The Salvation Army recorded residency status and included the following residency categories: Humanitarian (refugee) and Temporary Protection Visa.
[c] This includes participants who said they were living in transitional housing, homeless or living in crisis housing and living in 'other' housing, including caravan parks and boarding houses.
[d] Figures are for the client's income source before assistance was provided, not after. The percentages in Table 3 are based on the 1878 clients for whom this information was collected – it was not collected or not applicable for 3437 clients.
[e] This figure is approximate only.

CHAPTER 3

The experience of financial crisis

3.1. Financial difficulty and access to assistance

Key findings

- Nearly half (47.2%) the participants said their household regularly or always had financial problems.
- Four in five (81.0%) had applied for assistance from an emergency relief or financial counselling service before.
- Almost half (46.2%) had used emergency relief or financial counselling services four times or more in the previous year (including the day of the survey).
- Nearly two fifths (18.2%) had not previously applied for assistance, despite 39.7% of these participants reporting that their household experienced financial problems regularly or always.

Nearly half the participants said that their household had financial problems regularly or always.

Frequency of financial problems: The survey results showed that the lives of many of the participants were characterised by sustained financial difficulty and that the overwhelming majority had experienced financial problems at some point. Only 4.8% said that this was the first time their household had had financial problems, while nearly half (48.0%) said that they had problems now and then, a third (32.6%) said that they had problems regularly and 14.6% said that they had financial problems always.

Groups that were particularly likely to experience regular or constant problems were people buying their own home, with 57.1% reporting that their household had financial problems regularly or always, single people (56.3%) and people on the Disability Support Pension (59.2%).

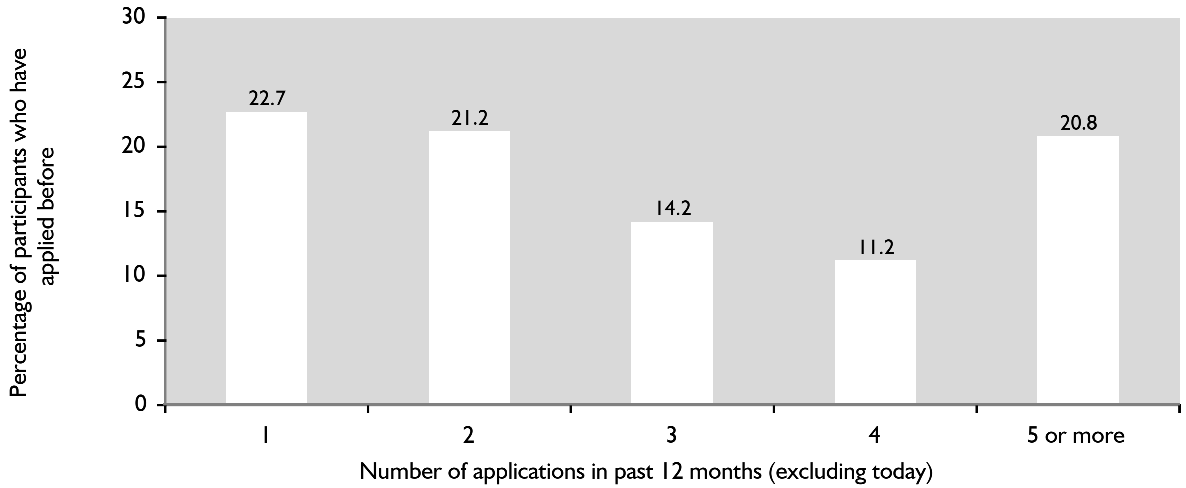
Four in five participants had applied for assistance before.

Previous applications for assistance: The survey asked participants whether or not they had applied for emergency relief or used financial counselling services before, and if so, how often in the previous 12 months (excluding the day of the survey). The response indicated that most clients rely to some degree on such services to support them through periods of financial crisis – 81.0% had applied for assistance before.

Some groups were more likely to have applied before, including people from a non-English speaking background (86.4% had applied before), people with children (87.5%), people on the Disability

Support Pension (89.1%) and public housing tenants (88.4%). Other groups were less likely than average to have been previous applicants, including people aged 24 or younger (70.2% had applied before), people living in share houses (64.0%) and home buyers (66.7%).

Figure 4.
Number of applications made in the previous year (excluding the day of the survey) by people who have applied for assistance before



Nearly half the participants were using emergency relief or financial counselling services four or more times a year.

Single parents, people with disabilities, public housing tenants, rural residents and older people were the most dependent on regular assistance.

Figure 4 shows that participants tended to have either applied only once or twice in the previous 12 months, or to have been extremely heavy service users, applying five or more times in the previous year. However, this information must be interpreted in light of the fact that many emergency relief services in Tasmania restrict access for clients to four vouchers a year in order to ration limited resources. Although other assistance, such as food parcels or clothes, may be provided between times, there is anecdotal evidence that many clients are aware of the restrictions – some services advertise them to clients – and do not seek assistance outside their 'quota'. In this context, that nearly half of the participants (46.2%) are meeting or exceeding that four times a year 'quota' (i.e. applying three or more times in the previous 12 months, plus the day of the survey) indicates an ongoing dependency on crisis assistance.

Those groups most likely to have applied three or more times (excluding the day of the survey) in the previous year, and therefore to have the heaviest dependence on regular assistance, included people on

Parenting Payment Single (52.3%), people on the Disability Support Pension (52.7%), public housing tenants (54.2%), people from rural areas (61.6%) and people aged 45 and older (53.2%).

Is there a link between how often a household experiences financial problems and their use of and reliance on assistance? Table 4 compares how often households experienced financial difficulty with whether or not they had applied for assistance before. Two points emerge: firstly, the frequency of financial problems experienced by the household does not appear to influence whether or not the household has previously applied for assistance. Secondly, although the overwhelming majority of households in each category had applied before, a large minority, including households experiencing frequent financial problems, had not.

Table 4.
Proportion of participants who have and have not applied before by how often their household has financial problems

Whether participant has previously applied for assistance	How often the household has financial problems (%)		
	Now and then	Regularly	Always
Has applied before	83.3	84.9	82.5
Has not applied before	16.7	15.1	17.5*

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Even among people who had not applied before, financial crisis was not a new experience – two fifths of first time applicants said that their household regularly or always had financial problems.

The Australian Government has suggested that a rise in the number of first-time clients of emergency relief is evidence that households that had previously not been in difficulty are now experiencing financial crisis due to the impact of the global economic downturn (FaHCSIA 2009a). However, two fifths (39.7%) of the participants in this survey who said they had not applied for assistance before also said that their household experienced financial problems regularly or always. It does not appear that for this group of participants, financial crisis is a new experience.

It is possible that new clients were more likely to respond to the survey out of a sense of obligation or gratitude, while older clients, who were more comfortable with the experience of applying for assistance, felt more confident in saying no to participation. Research highlighting the intense shame and embarrassment experienced by people seeking emergency relief (Frederick & Goddard 2008) may also help to explain why such a notable proportion of households, even those experiencing high levels of financial crisis, had not previously sought assistance.

Other explanations could include a lack of awareness that services are available: as noted above, people aged younger than 25 were less likely than people in other age groups to have applied before which may be due to lack of experience and knowledge of the service system. Share house residents were also less likely to have applied before. This could be because sharing a house allows for greater pooling of resources to get through financial difficulty or because sharers are a more transient population and less linked in to services. Finally, home buyers were also much less likely to have sought assistance before. Presumably for a household to have moved into home ownership, it must have experienced a level of financial stability. The lower level of previous applications for assistance from these households may therefore reflect more recent development of financial difficulty, rather than long-term problems.

Among participants who had applied before, households with frequent financial problems were more likely to depend on regular assistance.

Table 5 considers households that had previously applied for assistance and compares how often they were in financial difficulty with the number of times they had applied in the previous 12 months. It confirms that the more frequently a household experiences financial problems, the more frequently they use assistance.

Table 5.
How often participants had applied in previous year (excluding the day of the survey) by how often their household has financial problems

Number of times in previous year participant has applied for assistance (excluding today)	How often the household has financial problems (%)		
	Now and then	Regularly	Always
Applied 1-2 times	50.0	38.2	37.8*
Applied 3-4 times	24.6	27.0	24.3*
Applied 5 or more times	12.3	27.0	32.4*

** Estimate has a relative standard error of 25-50% and should be used with caution.*
***Note:** Percentages do not add to a hundred because in some cases people who had applied before did not know how often they had applied or they had not applied within the last 12 months.*

There is some evidence that people with acquired brain injuries and intellectual disabilities are more dependent on emergency relief and financial counselling services than people with other types of disability.

Use of services by people with disabilities: Anecdotal evidence from service providers is that people with mental health problems, intellectual disabilities and acquired brain injuries are among the heaviest users of emergency relief services. This survey only collected data on the nature of a participant's disability if that participant was receiving the Disability Support Pension and it is important to acknowledge that people not receiving a disability pension can also have a disability. With that limitation, there is mixed support for the anecdotal reports in the findings of this survey.

The majority (59.2%) of participants on the Disability Support Pension said that they had financial problems regularly or always, a much higher proportion than participants on other types of payment like Parenting Payment Single (46.2%) and Newstart Allowance (49.4%). However, although 89.1% of people on the disability pension had applied for assistance before, so had 86.5% of people on Parenting Payment Single and 93.8% of people on Parenting Payment Partnered. And among those who had applied before, Disability Support Pensioners had similar levels of reliance on assistance to Parenting Payment Single recipients – 52.7% of disability pensioners had used services three or more times in the previous year (excluding the day of the survey) but so had 52.3% of single parent pensioners.

When it comes to the nature of the particular disability, small sample sizes make reliable conclusions difficult. This is especially the case for acquired brain injury and intellectual disability, which were reported by very few participants. However, with the caveat that some of the figures should be used with caution, Table 6 suggests that people with 'other' disabilities (which include acquired brain injuries and learning or intellectual disabilities), while less likely to have applied before, may be heavier users of services.

Table 6.
Previous applications for assistance by Disability Support Pensioners by type of disability

Previous applications for assistance	Type of disability[a] (%) n = 99[b] Physical	Psychiatric	Other
Has applied before	88.7	90.0	85.0
Applied more than 3 times in last 12 months (not including today)	48.7	47.1	60.0*

** Estimate has a relative standard error of 25-50% and should be used with caution.*
[a] Some participants had more than one type of disability and will be included more than once in the table.
[b] Refers to those participants who were receiving the Disability Support Pension and who also disclosed their disability type.

Although Table 6 provides some qualified support for the anecdotal evidence, the findings are not conclusive. It is also important to remember that the survey was a voluntary survey and the sample therefore is not necessarily representative of the client group as a whole. As noted above, the figures in Table 6 also refer only to those people who were on a Disability Support Pension. This means they would have had their disability, injury or illness diagnosed and certified by a medical practitioner (Centrelink 2009d). Some of the heaviest demand on services may come from clients whose disability is undiagnosed or who are not receiving any additional assistance or income support payments. In addition, people with intellectual disabilities, acquired brain injuries, mental health problems affecting concentration or comprehension or some types of physical disability may have found it more difficult than other participants to fill in a survey form, especially if the service workers were unable at that time to offer assistance.

The survey asked about seven 'indicators of hardship'. These were whether in the previous year, due to a shortage of money, households had been unable to pay their electricity or phone or gas bill, been unable to pay their rent or home loan, pawned or sold something, gone without meals, been unable to heat their home, had the phone disconnected or had the power off.

3.2. Financial crisis and hardship

3.2.1. Experiences of hardship

Key Findings

- Survey participants reported levels of hardship and problems with cash-flow at levels far exceeding what would be expected in the general community. Specifically, in the previous year, due to a shortage of money,
    - two thirds (67.9%) had been unable to pay an electricity, phone or gas bill;
    - nearly half (47.9%) had been unable to pay their rent or home loan;
    - nearly two thirds (64.6%) had pawned or sold possessions;
    - three quarters (75.1%) had missed meals;
    - well over half (57.4%) had been unable to heat their home;
    - two fifths (40.8%) had had their telephone disconnected; and
    - nearly three in ten (28.3%) had had their electricity supply disconnected.
- Groups that appear to be particularly vulnerable to these problems are homeless people, home buyers, Newstart Allowees, Aboriginal people, men and people from a non-English speaking background.

Bray (2001) analysed data from the 1989-99 Household Expenditure Survey conducted by the ABS in order to consider 'the extent to which households may have been constrained in their activities because of a shortage of money, and if they were, at what point this might constitute an outcome of concern for social policy' (Bray 2001, p. 5). The data analysed related to questions included in the survey which had asked households whether they had been unable to do certain activities, ranging from taking holidays away from home through to missing meals, because of a shortage of money. From this data, Bray identified three different distinct types of financial stress: 'missing out', such as being unable to have family and friends over for a meal or having to buy second-hand clothing, 'cash-flow problems', such as being unable to pay bills on time, and 'hardship', such as being unable to afford heating or meals (Bray 2001, p. ix). Subsequent quantitative research by Anglicare has adapted and added to these indicators in order to illuminate particular aspects of financial stress and hardship (Madden & Law 2005, p. 19). There are of course a range of ways in which hardship could be measured, but this approach is consistent with previous Anglicare studies (Madden 2004; Madden & Law 2005; Hinton 2006, 2007) and with the work of other researchers (Lobo 2009, pp. 25-6; Marks 2007, p. 3; FaHCSIA 2009i, p. 3) and so it was adopted for this report.

Participants in this survey were asked to answer 'yes' or 'no' to whether, in the past year, because of a shortage of money, they had been unable to pay their electricity or phone or gas bill, been unable to pay their rent or home loan, pawned or sold something, gone without meals, been unable to heat their home, had the phone disconnected or had the power off. Of these indicators, the first two would fit into Bray's 'cash-flow problems' category, while the latter five would fit into the 'hardship' category. However, for ease of reference, throughout this report, these seven indicators are referred to as 'indicators of hardship' and participants reporting that they had experienced one or more of the indicators as 'experiencing hardship'.

Table 7 shows participants' responses for each of the indicators. The results are compared to the responses to the same questions from an earlier survey of the whole Tasmanian community (Madden & Law 2005). This postal survey of 2106 people randomly selected from the electoral roll was conducted in the autumn of 2005, and post-stratification weighting was used to ensure the final sample reflected the actual Tasmanian population on key demographic variables. The results from the Tasmanian community survey are, strictly speaking, not directly comparable to the findings of this survey due to the differences in methodology used, but they are included here to provide an indication of the level of hardship that might be expected to occur in the general community.

Survey participants experienced hardship at levels far above what would be expected in the general community.

Table 7.
Proportion of participants reporting that their household experienced financial hardship: survey participants compared to Tasmanian community[a]

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**Emergency relief and financial counselling clients (%)**	**Tasmanian community (%)** (Madden & Law 2005, p. 20)
Could not pay electricity or phone or gas bill	67.9	15.0
Could not pay rent or home loan	47.9	4.0
Pawned or sold something	64.6	7.0
Went without meals	75.1	4.0
Unable to heat your home	57.4	4.0
Had the phone disconnected	40.8	5.0
Had the power off	28.3	1.0

[a] *The wording of some of the questions in each survey differed slightly. The emergency relief and financial counselling survey listed each indicator as shown in the table. The Tasmanian Community Survey used slightly different wording, with the biggest difference being that the first indicator was 'could not pay electricity or telephone bills* on time*' (emphasis added). The Community Survey also gave respondents the option of selecting 'does not apply'.*

Table 7 clearly shows that on all the indicators of hardship used, survey participants experienced difficulty at levels far above what might be expected in the general community. There were also some differences in the frequency of particular experiences: for the general community, the most common experience is being unable to pay a utilities bill, and while this was the second most common experience for the participants in the emergency relief and financial counselling survey, missing meals was a much more common experience.

Tables 8a, 8b and 8c consider the level of hardship experienced across a range of selected income sources, housing tenures and living arrangements, compared to that experienced by all survey participants.

Table 8a.
Proportion of participants reporting that their household experienced financial hardship by income support payment

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**ALL (%)**	**Participant's income support payment (%)**		
		Parenting Payment Single	**Newstart Allowance**	**Disability Support Pension**
Could not pay electricity or phone or gas bill	67.9	70.6	66.2	73.7
Could not pay rent or home loan	47.9	50.0	55.3	41.2
Pawned or sold something	64.6	69.5	68.4	63.7
Went without meals	75.1	67.0	81.8	86.0
Unable to heat your home	57.4	52.4	57.1	70.7
Had the phone disconnected	40.8	36.8	53.6	42.0
Had the power off	28.3	27.3	33.8	28.2

Note: *Cells shaded in grey indicate that the value is notably higher than average.*

* Estimate has a relative standard error of 25-50% and should be used with caution.
Note: *Cells shaded in grey indicate that the value is notably higher than average.*

Table 8b.
Proportion of participants reporting that their household experienced financial hardship by housing tenure

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**ALL (%)**	**Participant's housing tenure (%)**			
		Public housing	**Private rental**	**Buying home**	**Homeless**
Could not pay electricity or phone or gas bill	67.9	65.3	68.4	79.2	60.5
Could not pay rent or home loan	47.9	30.8	58.1	65.2*	50.0
Pawned or sold something	64.6	61.9	60.1	75.0	75.6
Went without meals	75.1	70.2	72.3	88.0	86.7
Unable to heat your home	57.4	52.6	57.8	45.5*	65.9
Had the phone disconnected	40.8	34.6	41.5	45.5*	51.3
Had the power off	28.3	28.3	27.3	27.3*	30.0*

Table 8c.
Proportion of participants reporting that their household experienced financial hardship by living arrangement

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**ALL (%)**	**Participant's living arrangement (%)**		
		Single person	**Single parent**	**Couple with children**
Could not pay electricity or phone or gas bill	67.9	65.1	70.6	70.5
Could not pay rent or home loan	47.9	42.9	51.5	44.6
Pawned or sold something	64.6	64.2	66.0	61.0
Went without meals	75.1	83.5	67.6	65.5
Unable to heat your home	57.4	62.7	54.3	45.5
Had the phone disconnected	40.8	39.2	39.8	44.2
Had the power off	28.3	21.1	32.0	33.3

Note: *Cells shaded in grey indicate that the value is notably higher than average.*

Although all groups reported extremely high levels of hardship, some groups experienced even greater difficulties.

Overall, the tables suggest:

- Participants on the **Disability Support Pension** and **Newstart Allowance** tended to experience higher levels of hardship than participants on Parenting Payment Single.
- **Public housing tenants** experienced lower rates of hardship than participants in general and, with the exception of rental costs, private renters also reported close to average or lower than average rates of hardship.
- **Home buyers** experienced considerable difficulty with a number of the indicators, although the small sample size means some findings must be treated carefully.
- Unsurprisingly, high levels of hardship were also reported by **homeless people**, but the findings for homeless participants would be distorted on some of the indicators by the fact that when homeless, people might not necessarily pay rent or utilities bills.
- **Single parents** (reinforced by the findings for people on Parenting Payment Single) and **couples with children** were less likely to miss meals or go without heating than single people. Although considerable proportions of these groups of participants still said their household had had these experiences, they reported them at much lower than average rates. This finding is further explored in section 3.2.3.

In addition to the results shown in Tables 8a, 8b and 8c, analysis of hardship levels among other groups of participants was conducted.

People from a non-English speaking background appear to experience much higher rates of hardship than people from an English-speaking background, although the sample size limited the reliability of the findings. However, two reliable results, those relating to pawning or selling possessions and missing meals, were possible, and these demonstrate much higher levels of hardship than those experienced by English-speakers: 85.0% of people from a non-English speaking background had pawned or sold possessions compared to 62.0% of those from an English-speaking background, and 90.9% had missed meals, compared to 73.5% of English-speakers.

People from rural areas reported higher rates of hardship than people from urban areas on all indicators except those relating to heating the home and telephone disconnections; here, urban residents experienced greater levels of difficulty.

People who identified as Aboriginal[11] were more likely than people who did not identify as Aboriginal to have difficulties with utilities bills, miss meals, be unable to heat their home, have their phone disconnected and have their power disconnected. This is not surprising given the evidence of higher rates of disadvantage within the Aboriginal community (Australian Government 2009a, pp. 10-17).

Hardship appears to be most felt by **working age people**, with people aged 25-54 experiencing the highest rates of difficulty overall. However, people aged 55 or over were the age group most likely to report that they had missed meals in the previous year due to a shortage of money. Research has suggested that different age groups cope with financial hardship in different ways, with older people preferring to cut back food intake rather than, for example, go into debt (Lawrence, cited in Sharam 2003, p. 9). Further discussion of hardship and age is included in section 5.6.

Finally, when rates of hardship were considered in relation to gender, the proportions of **men** reporting that they had experienced each difficulty were higher than those of women for all but one indicator (payment of utility bills). Further discussion of gender and hardship is included in section 5.7.

The highest rates of hardship were reported by homeless people, home buyers, people receiving Newstart Allowance, Aboriginal people and men.

In summary, the analysis of the hardship data identified two main themes: firstly, all groups experience rates of hardship that are well above those experienced in the wider community and secondly, some demographic characteristics are associated with even higher levels of difficulty across a number of indicators. The groups reporting the highest level of hardship overall were homeless people, home buyers, people receiving Newstart Allowance, Aboriginal people and men.[12] It is also likely that people from a non-English speaking background experience very high levels of hardship, but as noted above, the very small sample size limits the reliability of this finding.

[11] See section 2.3 for a discussion of the need for caution to be used with the findings in this survey regarding Aboriginal people.

[12] This assertion is based on the fact that overall, these groups reported above-average levels of difficulty on a high number of hardship indicators, including at levels of five percentage points or more above average, and reported some of the highest levels of difficulty across all participant groups on a considerable number of the indicators.

Half the participants said that they always worried about whether they could afford to buy enough food for their family.

3.2.2. Worrying about the cost of food

Key findings

- Half (49.4%) the participants said that it was always true that they worried about whether the amount of food that they could afford to buy for their family would be enough. A further quarter (27.5%) said it was mostly true.
- Those most likely to worry about the amount of food they could afford were people from a non-English speaking background, home buyers, homeless people, couples with children, single parents and women.

As shown in the previous section, three quarters (75.1%) of the participants in the survey had missed meals in the previous year due to a shortage of money. Survey participants were also asked to indicate to what extent the following statement was true for their household: 'I worry about whether the amount of food I can buy for my household will be enough'. Again, to provide some context, the results for emergency relief and financial counselling clients are compared, in Table 9, with the results from the earlier survey of the Tasmanian community (Madden & Law 2005), which asked a similar question. Again, there is a substantial difference between the results of the emergency relief and financial counselling survey and the results for the survey of the wider community. Half the participants in the emergency relief and financial counselling survey always worried about whether they could afford enough food and more than a quarter mostly worried, compared to just 5.0% of people in the wider community who always or mostly worried.

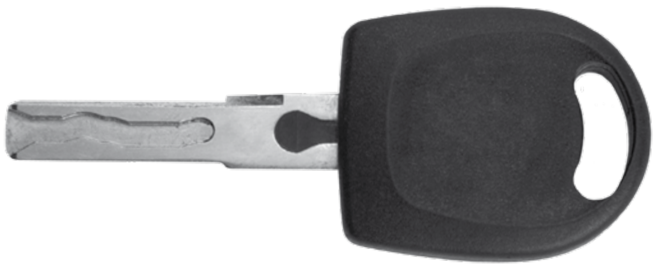
Table 9.
Proportion of participants reporting how often the following statement is true: 'I worry about whether the amount of food I can afford to buy for my household will be enough', survey participants compared to Tasmanian community

Extent to which statement is true	Emergency relief and financial counselling clients (%)	Tasmanian community (%) (Madden & Law 2005, p. 13)
Always true	49.4	5.0[a]
Mostly true	27.5	
Occasionally true	21.4	19.0
Never true	1.8	76.0

[a] *Represents combined result for 'always true' and 'mostly true'.*

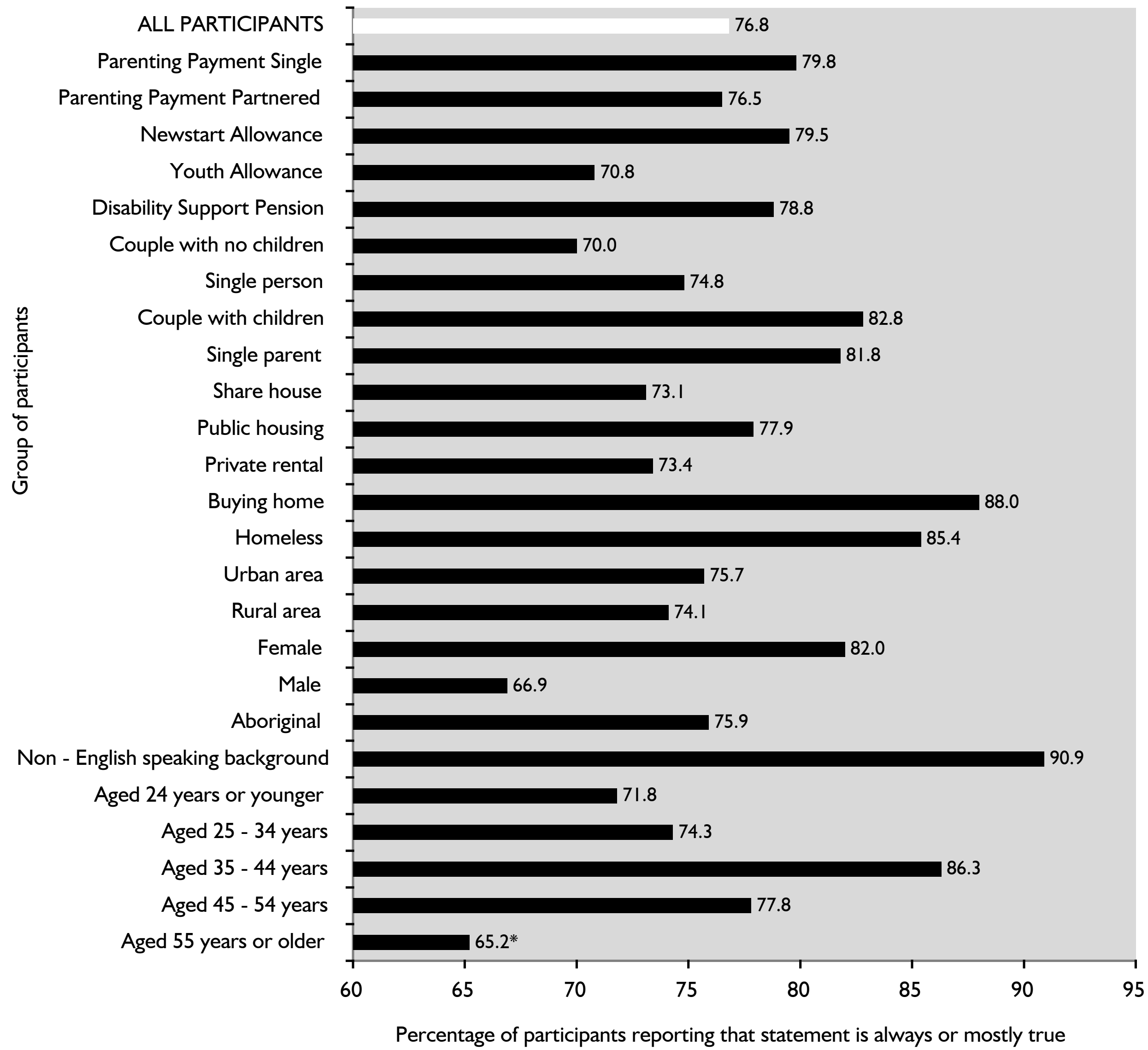
Those most likely to worry about being able to afford enough food were people from a non-English speaking background, home buyers, people aged 35-44, homeless people, people with children and women.

Groups most likely to worry about food costs: Figure 5 shows the proportion of participants in selected population groups reporting that they always or mostly worried about whether the amount of food they could afford to buy would be enough for their household. It shows that the groups most likely to worry were people from a non-English speaking background, home-buyers, people aged 35-44, homeless people, couples and singles with children and women. Those least likely to worry are people receiving Youth Allowance, couples with no children and men. There is little variation between urban and rural areas.



* Estimate has a relative standard error of 25-50% and should be used with caution.
Note: The results for urban and metropolitan areas are both below the average for all participants (76.8%). The reason for this apparent anomaly relates to missing responses: people either did not provide their postcode or did not answer the question about food or both. When these are taken into account, the 'average' response for location and anxiety about food becomes 75.2%.

Figure 5.
Proportion of participants reporting that the following statement is always or mostly true: 'I worry about whether the amount of food I can afford to buy for my household will be enough' by population group



Anxiety about food costs may arise for specific reasons as well as from general concern about the cost of food. It may be due to worry about the ability to afford food that a person is familiar with and knows how to prepare. It may also exist because a member of the household has particular dietary requirements due to poor health, allergies or disability, and the foods they need are more expensive. For example, research into the experiences of families raising children with a disability found that a number of families incurred additional costs related to food because their child's disability meant particular kinds of food were required or that they were more inclined to waste food (Hinton 2007, pp. 124-5). On the other hand, a person might be less anxious about being able to afford to buy food if they are confident that they can obtain food from other sources. A survey of clients of homeless services in inner Sydney identified that participants were actually more likely than the Australian population in general to be satisfied with their access to food, regardless of the type of accommodation they had (Wesley Mission 2008, p. 24), but this was possibly linked to their ability to access regular meals through crisis services in the local area.

Food insecurity is a complex problem with multiple dimensions. Some of the implications of this complexity for interventions around food insecurity are further discussed in section 3.3.1.

3.2.3. Families and financial crisis

Key findings

- People who lived alone were much more likely than average to have missed meals or gone without heating, while people with partners and/or children were much less likely than average to have had these experiences.
- People with two children experienced greater levels of difficulty than people with one child or people with three or more children. This seems to be related to the fact that the participants in the survey who had two children were more likely than other participating families to be on income support allowances rather than on pensions.

Partners and children: The analysis so far has found some variations in the experience of households depending on whether or not they have children. This is not unexpected: having children can impose additional costs on a household's budget. It can also result in additional income for the household through Family Tax Benefit and other subsidies. Having a partner, rather than being single, might also influence a participant's experience of hardship and financial difficulty through allowing access to a second income stream or other sources of support.

Different households have different ways of coping with a shortage of money. People with children and people with partners were more likely to report that they had been unable to pay bills or that they had been disconnected from essential services, while people living alone were much more likely to say they had missed meals or gone without heating.

Table 10 looks at the experience of participants with different family formations against a set of indicators of financial difficulty, including indicators of hardship, anxiety about affording food and how often the household experiences financial problems.

Table 10.
Proportion of participants reporting that their household experienced financial difficulty by presence of children or partner

Indicator of financial difficulty	Whether participant has children (%)		Whether participant has a partner (%)	
	NO	YES	NO	YES
Could not pay electricity or phone or gas bill in previous year due to shortage of money	65.1	70.1	66.8	70.0
Could not pay rent or home loan in previous year due to shortage of money	45.9	50.0	47.3	49.5
Pawned or sold something in previous year due to shortage of money	63.1	64.4	65.3	62.6
Went without meals in previous year due to shortage of money	83.0	66.5	77.2	70.0
Unable to heat your home in previous year due to shortage of money	62.3	51.9	60.4	49.0
Had the phone disconnected in previous year due to shortage of money	39.6	39.3	39.5	43.5
Had the power off in previous year due to shortage of money	20.0	33.3	27.3	29.1
Participant always or mostly worries about being able to afford enough food for their household	71.4	84.1	75.7	80.2
Household has financial problems regularly or always	51.5	47.2	49.8	41.4

Note: *Cells shaded in grey indicate the highest value in the row in each set of two columns.*

Table 10 shows that the experience of households where there are children and households where the participant has a partner are strikingly similar: they are more likely than those without children or partners to have had difficulty paying utility bills and rent and to have had the power disconnected. Participants in these households are also more likely to express anxiety about being able to afford enough food. However, they are less likely to miss meals, go without heating and experience regular or constant financial problems.

Given the high level of difficulty experienced by households with children or partners with most of the issues listed, why are their levels of difficulty in relation to missing meals and going without heating so much lower? It may be that people with children are making a conscious decision to prioritise food and heating for the sake of their children, with consequences for other aspects of their budget. The ABS has argued in support of this:

> the preferences of households between some of the indicators [of financial stress] are likely to be affected by the composition of the household. For example, households with children are probably less likely to choose to go without meals when short of money than are single person households (Trewin 2006, p. 32).

The influence of household composition on decision making may also explain the variation in Table 10 in relation to partners. It may be that the presence of another person in the household, adult or child, is an incentive to ensure there is sufficient food on the table and sufficient warmth, even if it means compromising the household's capacity to pay bills or rent. This incentive would not apply in single person households.

People who did not have either children or a partner had the greatest likelihood of experiencing regular or constant financial problems. This may be due to their lower household incomes and their limited capacity to share the cost of basic essentials. All of these factors would place greater pressures on day-to-day household budgets, which would be compounded in the event of any other stressors, like a disability or a mental illness.

Among survey participants with children, people with two children reported the highest rates of hardship.

Number of children: As discussed, larger families (those with three or more children) are slightly over-represented in the survey sample when compared to the Tasmanian population as a whole, which could imply these families are more likely to face difficulty. However, overall, Table 11 suggests that, in this survey sample at least, larger family size does not necessarily equate to greater hardship and that the family size most vulnerable to hardship in this survey are households with two children. For seven of the nine indicators listed below, households with two children experienced the highest rates of difficulty.

Table 11.
Proportion of participants reporting that their household experienced financial difficulty by number of dependent children in the household

Indicator of financial difficulty	Number of children (%)		
	1 child	2 children	3 or more children
Could not pay electricity or phone or gas bill in previous year due to shortage of money	67.9	76.4	66.0
Could not pay rent or home loan in previous year due to shortage of money	51.0	57.1	42.0
Pawned or sold something in previous year due to shortage of money	60.0	65.5	67.3
Went without meals in previous year due to shortage of money	69.1	71.4	58.5
Unable to heat your home in previous year due to shortage of money	49.0	54.0	52.8
Had the phone disconnected in previous year due to shortage of money	30.4*	43.8	43.1
Had the power off in previous year due to shortage of money	34.7	34.7	30.8
Participant always or mostly worries about being able to afford enough food for their household	78.0	89.8	84.5
Household has financial problems regularly or always	45.9	50.0	45.8

** Estimate has a relative standard error of 25-50% and should be used with caution.*

This finding contrasts with other research into financial hardship, which has found little variation in rates of hardship between families with one, two or three children, but rapidly increasing rates for households with four children or more (Bray 2001, pp. 31). Lloyd, Harding and Payne (2004, p. 12) also found that, for both partnered and single parents, poverty rates increased with the number of children.

In this survey, people with two children were more likely than other parents to be on an income support allowance rather than a pension. Allowances provide a lower income and fewer concessions.

Pensions and allowances: Is the greater difficulty experienced by people with two children shown in the findings for this survey a result of some kind of structural bias within the income support and family assistance system then, or is it a coincidence resulting from the characteristics of the people who participated in this particular survey? Survey participants with two children were less likely than participants with one or three or more children to be in receipt of Parenting Payment Single – 38.3% of participants with two children received Parenting Payment Single compared to 53.4% of participants with one child and 48.3% of participants with three or more. However, the lower rate of receipt of Parenting Payment Single only makes a difference if it has an influence on the amount of income coming into the household – at the time that the survey was conducted, another pension-level payment, such as the Disability Support Pension, would have offered roughly the same level of income. Even if the participant was not on a pension-level payment, their financial position could be improved if they had a partner and their partner was.

Analysis revealed that single participants who had two children were less likely than participants with one child or three or more children to be on a pension rate of payment: just under three quarters (73.0%) of single participants with two children were on a pension rate compared to 82.6% of single participants with one child and 96.8% participants with three or more children. When those participants with a partner are included, participants with two children are again much less likely to have a pension-rate payment coming into the household: 62.1% of participants with two children had a pension-rate payment coming into their household, either through their own income or through their partner's or through both, compared to 78.6% of participants with one child and 70.9% of participants with three or more children.[13]

This finding may explain why in this survey, people with two children experienced greater levels of financial difficulty and hardship.

It also provides evidence that dependence on allowance rates of payment places additional financial strain on a household. This is important given the changes introduced by the 'welfare to work' reforms which, since 1 July 2006, have limited access to Parenting Payment Single for new applicants to those with

[13] This analysis makes the assumption that if a partner is not receiving a pension-rate payment, they are receiving an allowance-rate payment. It is of course also possible that they could be receiving income from employment, which could provide important additional income to the household. However, the number of households with children in which the participant was receiving an allowance-rate payment and the partner was receiving income from paid employment was extremely small, just four households, which is too small for detailed analysis and would be unlikely to have greatly influenced the findings.

children under the age of eight (FaHCSIA 2009f, p. 57). Once the youngest child in the family turns six, part time 'participation requirements'[14] apply, and once the youngest child turns eight, the single parent is no longer eligible for Parenting Payment Single and must move on to other payments such as Newstart Allowance or Youth Allowance, which have compulsory participation requirements attached (Centrelink 2009a, pp. 22-3).

The differences between the income provided by an allowance and the income provided by a pension can be easily demonstrated by the following examples. The base income of a couple with two children dependent on Newstart Allowance would be $823 a fortnight, compared to $1013 if they were on the Disability Support Pension. A single person with two children dependent on Newstart Allowance would be receiving a base income of $493.30, compared to $574.50 if they were on Parenting Payment Single.[15]

Further discussion on the income support system, including the implications of the Australian Government's recent changes to pensions, can be found in the conclusion of this report.

[14] 'Participation requirements' refers to the requirement that recipients of certain income support payments must demonstrate to Centrelink that they are actively looking for work (Centrelink 2009a, p. 22).

[15] Centrelink payment rates accurate as at 13 October 2009.

3.3 The causes of financial crisis

Key findings

- Almost all (93.1%) of the participants said that the cost of food was a problem for their household and half (49.9%) said that the cost of food was a big problem.
- Other household expenses described as big problems by large numbers of households were clothing, private transport (registration, repairs and maintenance and petrol), electricity bills, prescriptions and rent.
- A third (33.6%) of participants said that five or more household expenses were big problems for their household, indicating that stress was being felt across a number of aspects of the household budget.
- The groups that were most likely to say that they had big problems with a number of different expenses were home buyers, people with two or more children, people aged 35-44, people on the Disability Support Pension and couples with children.
- The more expenses a participant described as a big problem for their household, the greater their household's risk of financial hardship.
- The expenses most likely to trigger a household's need for assistance were food, rent, electricity bills, loan repayments, car registration and clothing costs.

The survey form listed 18 expenses and asked participants to indicate to what degree each was a problem for their household.

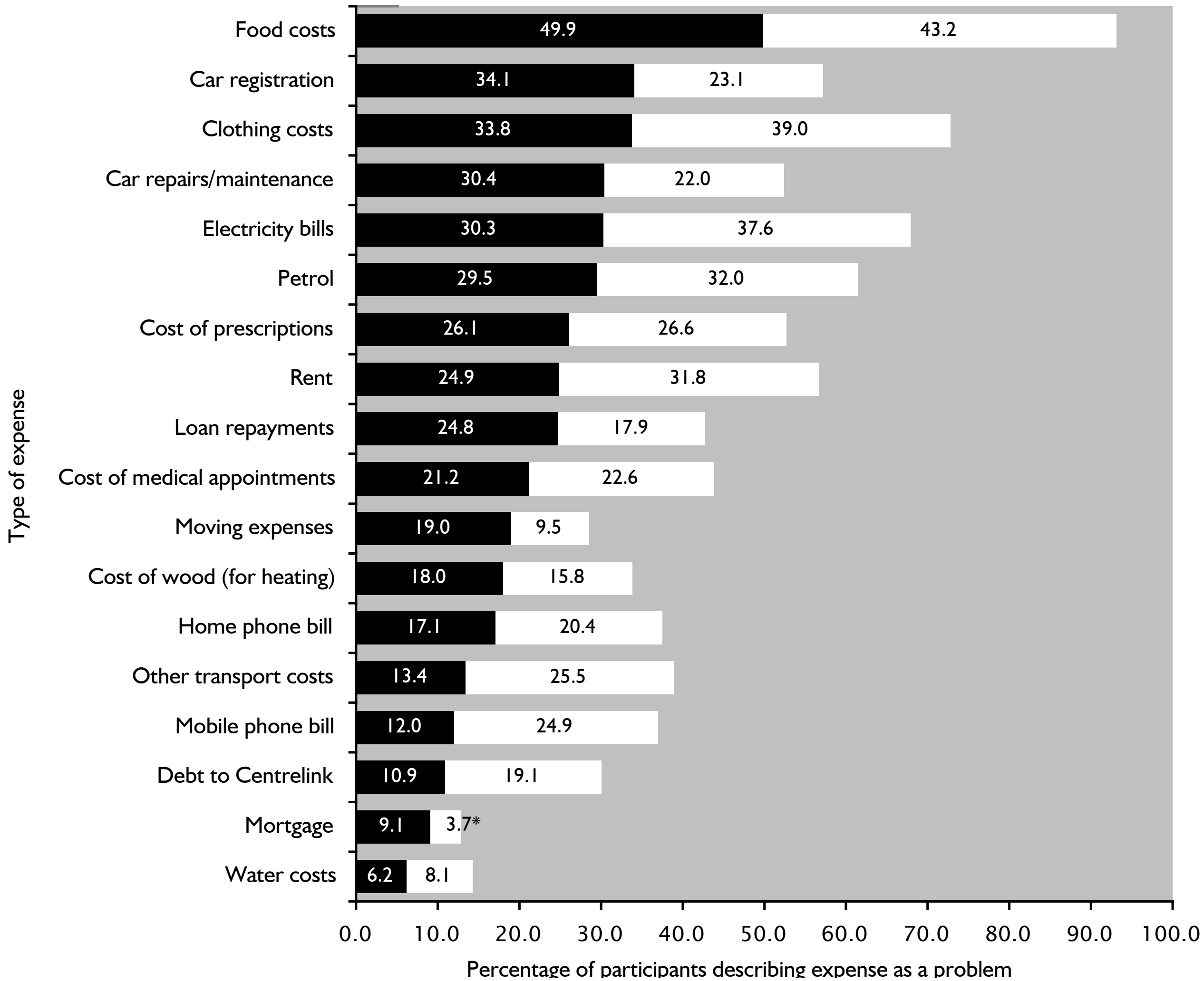
Household expenses that cause problems: The survey form listed 18 different expenses that may contribute to households' need for emergency relief or financial counselling and asked participants to indicate whether each was a big problem, a bit of a problem or not a problem for their household. Participants could also indicate whether a problem was not relevant to their household. Their answers have been analysed and are presented in the report on the following basis:

- if a participant identified the expense as a big problem, it is assumed that the household experienced a high level of difficulty with this expense;
- if a participant identified the expense as a big problem or as a bit of a problem, it is assumed that the expense was a problem for the household budget, but to varying degrees depending on the household;
- if a participant identified the expense as not a problem, it is assumed that the household incurred the expense, but it did not create any financial difficulties; and
- if a participant identified the expense as not relevant, it is assumed that the household did not incur the expense (for example, participants describing car registration as 'not relevant' were assumed not to own a car).

The household expenses causing the most problems for households were food, clothing, electricity bills, the costs of registering, maintaining and running a car, rent and prescription medicines.

Figure 6 shows the expenses listed in the survey and the proportion of participants rating each as a big problem and a bit of a problem for their household.

Figure 6.
Percentage of participants describing expenses as a big problem or a bit of the problem for their household



** Estimate has a relative standard error of 25-50% and should be used with caution.*

The results shown in Figure 6 indicate that the expense that is a problem for the most households is food, followed by clothing, electricity bills, private transport costs (the costs of registering, maintaining and running a car), rent and the cost of prescriptions. These are also the expenses described by the most households as a big problem.

However, some expenses, including those less commonly identified as a problem by participants, were associated with particularly intense difficulties – that is, the proportion who identified them as a big problem well outweighed the proportion identifying them as a bit of a problem – suggesting that the people who do have difficulties with these expenses are more likely to experience a large rather than a small amount of difficulty. These expenses were once again food and some private transport costs (car registration and maintenance), but also included loan repayments, moving expenses, the cost of wood and mortgage repayments.

That rent and prescriptions were among the expenses causing problems for large numbers of households is notable given that these expenses were also among the expenses most commonly identified as not a problem: 33.4% of participants said that rent was not a problem and 33.0% of participants said that prescriptions were not a problem. The other expenses most commonly identified as not a problem were the cost of medical appointments (36.2% of participants said this cost was not a problem for their household) and mobile phone bills (32.1%). Discussions of the findings on rent, telephone and healthcare costs are explored further in sections 3.3.4, 3.3.7 and 3.3.9 respectively.

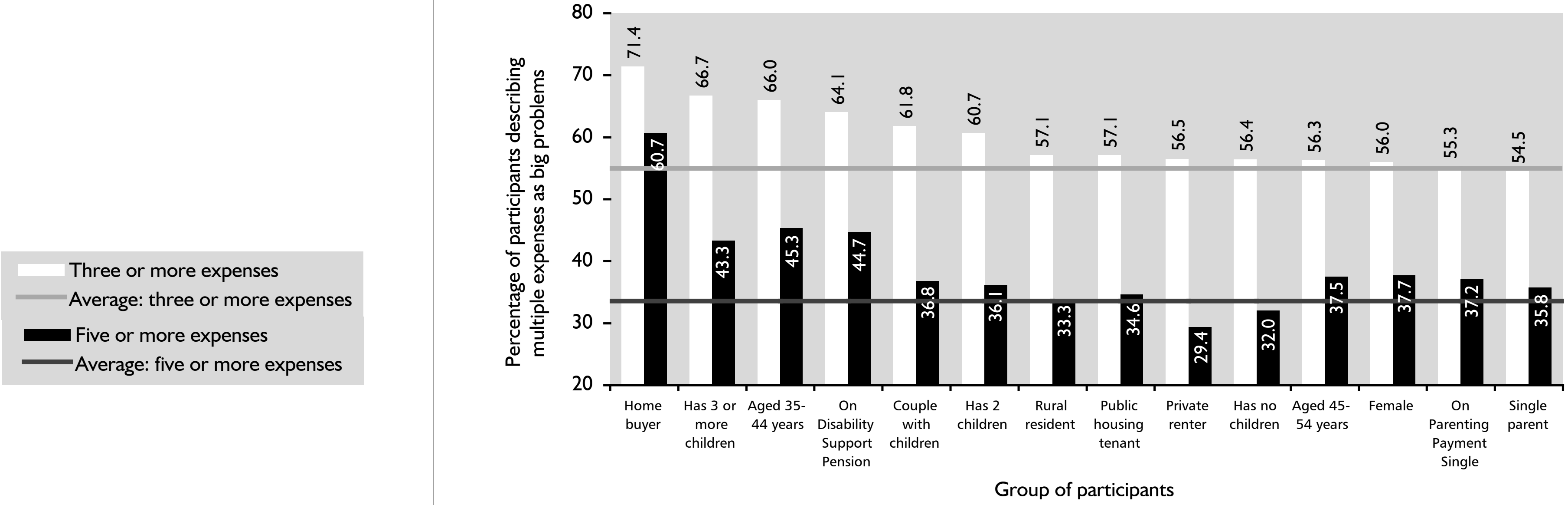
Participants experienced problems right across the household budget. A third of participants described five or more expenses as big problems for their household.

Problems with multiple expenses: Rather than just experiencing problems with one expense at a time, households tended to experience problems with multiple expenses at one time. As Figure 7 indicates, a majority of participants experienced problems with more than one expense and a third of participants described five or more expenses as a big problem for their household.

Figure 7.
Percentage of participants describing each number of expenses as a big problem for their household

Figure 8 depicts the groups of participants who described multiple expenses (three or more expenses and five or more expenses) as big problems at levels above the average for all participants. It provides a snap shot of those groups of participants experiencing a particularly heavy strain in a range of areas of their household budget.

Figure 8.
Percentage of participants describing multiple expenses as a big problem at above average levels by population group



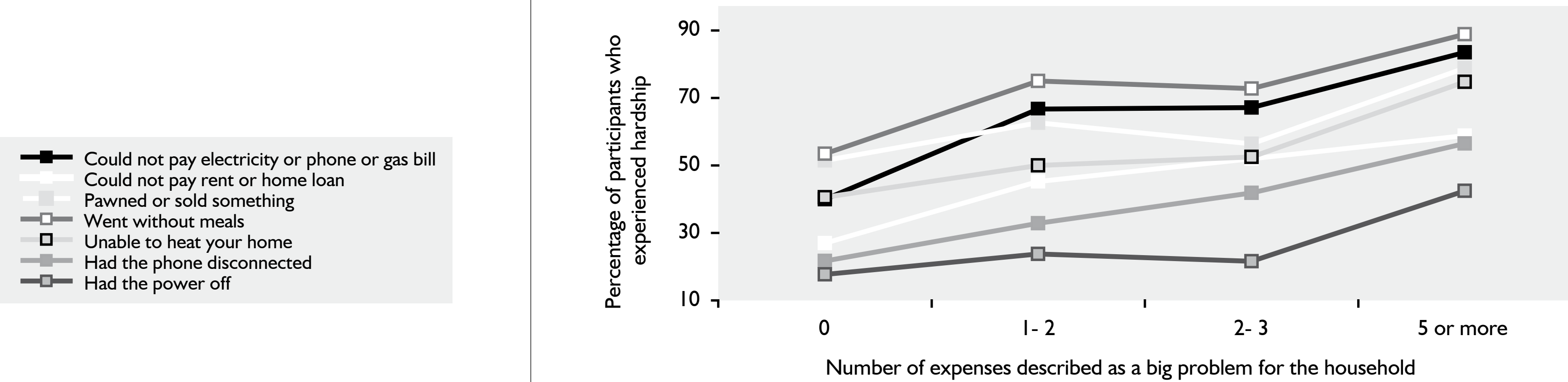
The groups that experienced the greatest difficulty with multiple household expenses were home buyers, people with two or more children, people aged 35-44, people on the Disability Support Pension and couples with children.

Figure 8 indicates that the groups most vulnerable to experiencing big problems with multiple expenses are home buyers, people with two or more children, especially those with three or more children, people aged 35-44, Disability Support Pensioners and couples with children.[16]

Households which found greater numbers of expenses to be big problems were also more likely to experience hardship, as demonstrated in Figure 9.

[16] People from a non-English speaking background and people aged 55 and over were also more likely than average to have difficulties with multiple expenses, but the estimates for these groups are not shown in Figure 8 because they had a relative standard error of 25-50% and should be used with caution.

Figure 9[17].
Percentage of participants reporting that their household experienced financial hardship by number of expenses described as a big problem



Households where multiple expenses were a big problem reported higher rates of hardship.

Although there is some fluctuation in the trend depicted in Figure 9, the lowest rates of hardship were found among households who did not describe any expenses as big problems and the highest rates of hardship are found among households describing five or more expenses as big problems. It is also important to point out that the rates of hardship among households where no specific expenses were considered to be a big problem still reported a high level of difficulty in very basic areas such as missing meals and going without heating.

[17] Values for Figure 9 are as follows:

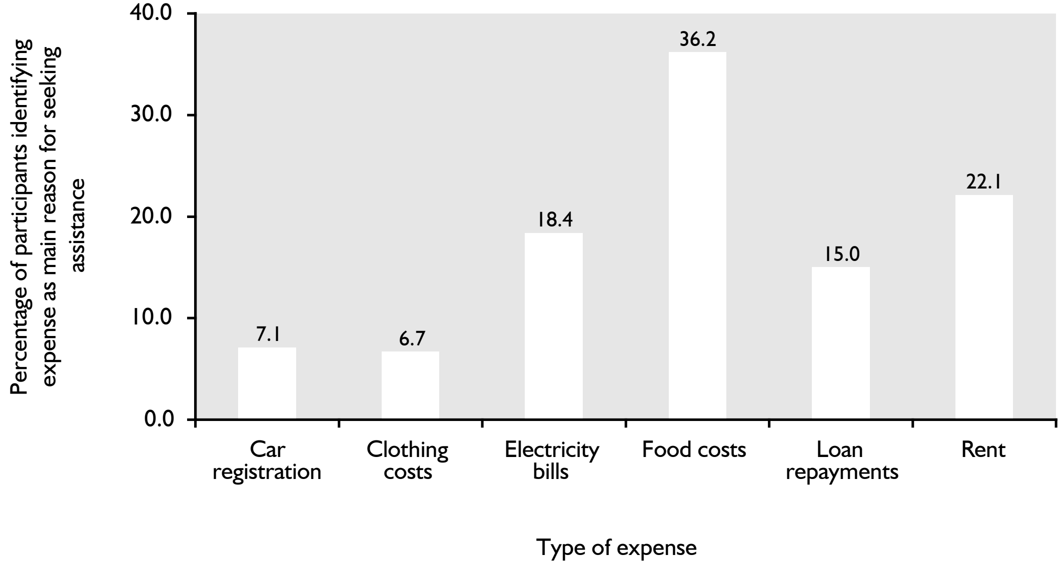
Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	Number of expenses described as a big problem for the household (%)			
	0	1-2	3-4	5 or more
Could not pay electricity or phone or gas bill	40.0	66.7	67.1	83.5
Could not pay rent or home loan	27.0	45.2	52.0	58.8
Pawned or sold something	51.5	62.6	56.4	78.8
Went without meals	53.5	75.0	72.8	88.9
Unable to heat your home	40.6	50.0	52.5	74.8
Had the phone disconnected	21.7*	32.9	41.9	56.5
Had the power off	17.7*	23.8	21.6	42.5

* *Estimate has a relative standard error of 25-50% and should be used with caution.*

The expenses most likely to cause a household to need assistance were the cost of food, rent, electricity bills, loan repayments, car registration and clothing costs.

Household expenses triggering need for assistance: Participants were also asked which expense was the main reason their household had needed to seek assistance.[18] Figure 10 shows the six expenses most commonly identified as the main reason or one of the main reasons for people seeking assistance. Once again, food is overwhelmingly the most commonly identified expense.

Figure 10.
Percentage of participants identifying each expense as the main reason or a main reason for seeking assistance



The next sections discuss some of these findings and other aspects of financial crisis in more detail.

[18] This question had a particularly high proportion of missing or incorrect data – only 47.2% of respondents answered the question correctly (giving one main reason) although a further 17.8% answered it incorrectly (giving more than one main reason). There could have been a number of causes of this, the most obvious being that people misread or misunderstood the question. Because the question sat on its own between two much longer questions with multiple check boxes, it may also have been more easily overlooked. The low response rate means that there are issues with sample size that prohibit the use of much of the data in further analysis.

3.3.1. The cost of food

Key findings

- The group of participants most likely to report difficulties with food costs was home buyers – 70.4% said the cost of food was a big problem for their household.
- There did not seem to be a clear correlation between identifying food costs as a big problem or seeking assistance because of the cost of food and the likelihood that the participant would have missed meals due to a shortage of money.
- In particular, Aboriginal people, people with no children, single people, men and people living in share houses were more likely to have missed meals but were less likely to say that the cost of food was a big problem or that they worried about how much food they could afford.
- Women, single parents and people with children were less likely to have missed meals due to a shortage of money, but were more likely to say that food costs were a big problem and to say they worried about the amount of food they could afford.
- Even those groups 'less likely' to miss meals, find food costs a problem or worry about food were experiencing these issues at levels far above what should be acceptable in the community.

Almost all the participants said that the cost of food was a problem for their household, and half said it was a big problem. More than a third had needed to seek assistance because of the cost of food.

One of the clearest findings emerging from the survey is that food was considered by participants to be one of the most problematic expenses for households, with 93.1% identifying food costs as a problem for their household and 49.9% saying food costs were a big problem. Food was also the most common reason why households sought assistance, with over a third (36.2%) of participants identifying food costs as a main reason for needing support.

Madden (2004, p. 17) noted that the importance given to food costs as a cause of financial crisis in surveys like this may be distorted by the fact that food relief is one of the main forms of support available from emergency relief services, which might influence answers. In practice, food parcels are less likely to be rationed by services eking out scarce resources, meaning that applicants for assistance can be reasonably confident that they will be able to obtain food, even if they may not be provided with other forms of assistance – such as vouchers – every time they approach the service. Research also suggests that money for food is the last allocation to be made for essentials from the household budget, because it is the only part of the budget that is not fixed, unlike rent or bills. The burden of meeting other expenses may result in too little money being left over for food, triggering the need for emergency relief (see

There was not necessarily a correlation between reporting food costs to be a problem, worrying about the cost of food and missing meals due to a shortage of money.

Flanagan, J 2000, pp. 19-20; TasCOSS 2009a, p. 16; Babbington & Donato-Hunt 2007, p. 12).

Who had problems with food costs?: Table 12 lists those groups of participants who were more likely than average to describe the cost of food as a big problem for their household or to say that the cost of food was a main reason for seeking assistance.

Table 12.[19]
Percentage of participants describing food costs as a big problem or a main reason for seeking assistance at above average levels by population group

Participants describing food costs as a big problem for their household (% of each group)		Participants describing food costs as a main reason for seeking assistance (% of each group)	
Home buyers	70.4	Parenting Payment Single recipients	54.8
Single parents	57.8	People aged 24 and under	53.6
Couples with no children	57.6	Single parents	51.3
Parenting Payment Single recipients	57.5	People with one child	51.2
People aged 35-44	56.1	Public housing tenants	46.2
People with three or more children	54.2	People aged 45-54	43.2
People with one child	54.2	Women	42.5
Disability Support Pensioners	54.1	People with two children	38.3
People with two children	53.4	Urban residents	38.3
Rural residents	53.3	Single people	37.3
Homeless people	53.3	ALL PARTICIPANTS (average)	36.2
Women	53.1		
People aged 45-54	50.8		
ALL PARTICIPANTS (average)	49.9		

Table 12 indicates that the groups reporting issues with the cost of food at above-average levels across both indicators were single parents/people on Parenting Payment Single, people aged 45-54 and people with one or two children. However, with the exception of people aged 45-54, all of these groups were

[19] Some groups would have been included in Table 12 but the estimates had a relative standard error of 25-50%, meaning they should be used with caution. With this caveat, people from a non-English speaking background and Youth Allowees were more likely than average to describe food costs as a big problem and homeless people, Youth Allowees, people from a non-English speaking background and people with three or more children were more likely than average to seek assistance because of the cost of food.

It appears that the presence of children, especially in single parent families, is an important driver of concern about the cost of food and anxiety about food costs. These households may be compromising in other areas to ensure food is on the table.

actually less likely than average to have missed meals in the previous year due to a shortage of money. In fact, there did not seem to be any clear correlation between identifying food costs as a problem or needing to seek assistance because of food costs and the risk that the participant would have missed meals due to a shortage of money. Of the five groups earlier identified as particularly vulnerable to hardship and whose experiences of hardship included a much higher rate of missing meals, three, Newstart Allowees, Aboriginal people and men were actually less likely than all participants to identify issues with food costs. Similarly, some groups of participants who had a much higher than average rate of missing meals were less likely than average to report that they always or mostly worried about whether they could afford to buy enough food, including men, single people, people in share houses, Youth Allowees, people without children, people aged over 55 and Aboriginal people.

Whether or not a participant worries about being able to afford enough food and whether or not food costs are a big problem are more subjective indicators of difficulty in affording food, while missing meals is a more objective measure. Why are some groups of people, despite objectively experiencing considerably higher levels of food-related hardship, subjectively less likely to perceive that food costs are an issue for their household, and why are other groups, despite objectively experiencing less food-related hardship than some other groups, subjectively more likely than those groups to perceive that food costs are an issue?

Six groups in particular stood out as being at a much greater risk of missing meals due to a shortage of money, but also being much less likely to describe food costs as a big problem or to say that they always or mostly worried about the amount of food they could afford. These groups were Aboriginal people, people with no children, single people, men, people living in share houses and people aged 55 or over.* There were also four groups that were much less likely to have missed meals due to a shortage of money, but more likely than average to say both that they worried about the amount of food they could afford and that food costs were a big problem: women, single parents, people on Parenting Payment Single and people with children.

The overwhelming majority of single parents and people on Parenting Payment Single were women, which suggests that it is single parenthood and the presence of children, rather than gender, that is driving

*The estimate of people in share houses and people aged 55 and over describing the cost of food as a big problem has a relative standard error of 25-50% and should be used with caution.

concerns about the cost of food. Couples with children were also less likely than average to miss meals but more likely than average to express anxiety about food costs (although they were also less likely than average to describe food costs as a big problem), and so were public housing tenants. Since women, people on Parenting Payment Single, single parents, couples with children and people with children generally were all over-represented among public housing tenants, this last finding is not surprising. It was suggested above in section 3.2.3 that people with children may prioritise having food on the table over other expenses for the sake of their children. Perhaps this awareness of the need to properly feed their children also translates into increased anxiety about the cost of food and increased awareness of the impact that grocery costs have on the household budget.

Even those who were 'less likely' to report problems with food costs were doing so at levels far above what should be acceptable.

It is important to remember in any discussion about those 'less likely' to miss meals or 'less likely' to always or mostly worry about the cost of food that, compared to the general community, even those groups of participants who are the least likely of all to have problems with affording sufficient food are still experiencing difficulty at levels well above what would be considered acceptable in the wider community. In fact, that any Tasmanian should miss a meal due to an inability to afford food is completely unacceptable. Out of the 235 participants in the survey who responded to all four questions about food, only one person said that it was never true that they worried about affording enough food, that food costs were either not a problem or not relevant to their household, that they had not sought assistance because of food costs and that they had not missed meals in the previous year due to a shortage of money. Every other participant who answered each of the four questions had to some extent worried about the cost of food or found food costs to be a problem at some level or sought assistance because of food costs or had missed meals or some combination of the four.

Food security is currently receiving considerable social policy attention.

Food security in Tasmania: The issue of food security is receiving considerable attention in Tasmanian social policy circles at present. The Social Inclusion Commissioner has identified food security as one of his key priorities (*Stateline* 2009; Adams 2009, pp. 27-31) and a recent report on poverty by the Tasmanian Council of Social Service (TasCOSS) called for research on food security and access to affordable, nutritious food in Tasmania (TasCOSS 2009a, p. 6). The United States Department of Agriculture defines food security as an experience involving

> access by all people at all times to enough food for an active, healthy life. Food security includes at a minimum: (1) the ready availability of nutritionally adequate and safe foods, and (2) an assured ability

> to acquire acceptable foods in socially acceptable ways (e.g., without resorting to emergency food supplies, scavenging, stealing, or other coping strategies)

while food insecurity is the 'limited or uncertain availability of nutritionally adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways' (cited in Babbington & Donato-Hunt 2007, p. 10).

The three questions included in this survey explore aspects of this definition, specifically the ability to acquire food and the availability of adequate food, although they by no means build up a comprehensive picture. For example, although asking people whether they can afford to buy enough food for their household is a typical measure of food insecurity in Tasmania and Australia and is a useful indicator, it is likely to produce an underestimate of the true extent of food insecurity (DHHS 2004b, p. 35). However, even the fragmented picture the responses create is of considerable concern.

Although emergency relief clients experience food insecurity at much higher levels than would be prevalent in the wider community, thousands of Tasmanians seek emergency relief each year, suggesting that these experiences are not particularly rare.

A research project exploring food insecurity in Sydney identified that 95% of emergency relief clients surveyed were food insecure to some degree (Babbington & Donato-Hunt 2007, p. 23). Close to the same number, 93.1%, of participants in this survey said that food costs were a problem for their household. In addition, three quarters (76.8%) always or mostly worried about whether the amount of food they could afford to buy for their household would be enough. And three quarters (75.1%) had actually missed a meal in the previous year due to a shortage of money. The authors of the Sydney study acknowledge that a high degree of food insecurity among emergency relief clients is to be expected and that this population is not typical of the Australian population as a whole (Babbington & Donato-Hunt 2007, p. 23). The same is true of the participants in this survey. However, in 2007-08, 15,900 Tasmanians sought assistance from emergency relief services (Adams 2009, p. 26) and 435 new clients received financial counselling (P Mallett [Anglicare Tasmania] 2009, pers. comm., 29 September). Clearly the high level of disadvantage experienced by emergency relief and financial counselling clients in relation to food and in relation to other issues is not typical of the population as a whole, but neither is it particularly rare. It is certainly unacceptable.

A food security strategy needs to be comprehensive and cover all aspects of food supply, distribution, preparation and consumption.

Much of the debate on access to food in Tasmania has focussed around the establishment of a food bank to redistribute unwanted food to emergency relief providers (e.g. Tasmania, House of Assembly 2009, pp. 22, 30; Tasmania, House of Assembly 2008b, pp. 88-9), yet accessing donated or redistributed food through an emergency relief agency does not meet the requirement of 'social acceptability'. As the Department of Health and Human Services puts it, '[e]mergency food relief fills a vital need but there can be a risk that by providing food, the issue of food insecurity is seen to be addressed, when the emergency relief addresses the symptoms of food insecurity (i.e. hunger), but not the causes (i.e. poverty)' (DHHS 2009b, p. 23).

The reality is that, regardless of initiatives to promote backyard vegetable patches, community gardens and food-buying cooperatives, for most Tasmanians, the 'socially acceptable' way to obtain food is to purchase it from a shop or market. Therefore initiatives to tackle food insecurity must address broader issues than simply improving supply chains for the emergency relief network, even though this has value in terms of eliminating wastage and improving the quality and variety of food that these services can provide. Babbington and Donato-Hunt (2007, pp. 11-13) identify a number of factors central to any effective food insecurity strategy. Obviously the price of food is critical, but a food insecurity strategy must also consider the issues involved in food production, freight costs, the location and number of food outlets and the variety and quality of food offered, the availability of transport which is appropriate for people returning home with bags of groceries, mobility and the ability of individuals to easily leave their home to access shopping facilities, the availability of appropriate storage and cooking facilities, especially in cheap or marginal accommodation, social isolation, the knowledge, skills and time to select and prepare food, advertising, and dietary preference. Finally, people must have access to sufficient incomes to not only afford to buy enough food, but to be able to afford enough food and to afford all other essential items as well. This removes the pressure to compromise on food expenditure in order to meet the cost of bills, rent or healthcare.

Rychetnik et al. (2003, pp. 18-21) summarise two sets of intervention points to improve food security. The first set of intervention points focuses on food supply, through considering issues relating to farming and agriculture, food processing, transport of food and prepared food outlets ranging from restaurants and takeaways through to 'meals on wheels' services. The second set of intervention points focuses on access to food, and interventions strategies can range from direct services and assistance to improve the capacity of individuals and households to acquire and prepare food through to longer-term poverty alleviation and income redistribution strategies to improve food security in the long term. Because the determinants of food insecurity can vary between different population groups, it is important to supplement generic initiatives with targeted strategies and to pursue a range of interventions.

Tasmania's Food and Nutrition Policy includes food security as a focus area.

Tasmania has a Food and Nutrition Policy, produced in 2004, which sets out a strategic framework to guide action to 'improve social, health, economic and environmental outcomes associated with food and nutrition in Tasmania over the next 10 years' (DHHS 2004b, p. 18). One of the focus areas of the policy is food security. Actions under the policy include the development of a collaborative approach to food security research and monitoring, targeted interventions for people identified as particularly vulnerable to food insecurity and strategies to reduce geographical and physical barriers to food insecurity. The latter include encouraging local governments to consider food security issues in urban development and transport planning, reviewing the availability of community transport and implementing transport assistance programs to improve access to food retail outlets, supporting the development of farmers' markets, community gardens and home vegetable gardens and promoting community advocacy on food security issues (DHHS 2004c, pp. 25-33). The State Government is currently revising a progress report on the implementation of the Food and Nutrition Policy. The draft report was made available for public comment in May 2009 and the final report is anticipated to be publicly available in late 2009 or early 2010 (J Seal [Population Health] 2009, pers. comm., 1 October).

According to the draft progress report, Tasmania has been successful in establishing community-based programs and partnerships addressing local food production, nutrition and socialisation, although these programs have not been evaluated for their impact on food security. The draft report also lists a number of challenges in the food security area, including a lack of coordination of local data which makes it difficult to respond strategically or monitor the effectiveness of interventions; the low priority given to the issue by policy makers and non-health sectors; the prevalence of poverty in the Tasmanian community, particularly in light of the global financial crisis; the lack of access to transport, especially public transport, and the rise in transport costs which is flowing through to food prices; the prioritisation of food exports over local food supply; limited competition in supermarket pricing; a lack of support for community enterprises; dependence on short-term project funding; and the impact of climate change on food production. Overall, the report describes a lack of coordination across government departments in a range of areas relevant to food and nutrition and cites examples of contradictory policy and implementation. It also identifies that '[t]he work to date around food security is mainly done at a consumer level. More focus in required on food supply chains in the state' (DHHS 2009b, pp. 3, 21-3). The Population Health division of the Department of Health and Human Services has prioritised resources to investigate and address food security (DHHS 2009b, p. 20) and the recent Social Inclusion Commissioner's report called for the issue to be given greater attention (Adams 2009, p. 27).

3.3.2. The cost of clothing

Key findings

- Households with larger numbers of children were more likely to find clothing costs a problem.
- Other groups particularly likely to find clothing costs a problem were people on the Disability Support Pension, especially those with physical or intellectual disabilities or acquired brain injuries, 35-44 year olds, public housing tenants, homeless people and single people.

Nearly three quarters of the participants said that the cost of clothing was a problem for their household, and a third said it was a big problem.

Clothing was a major concern for survey participants. Nearly three quarters (72.8%) said the cost of clothing was a problem, a third (33.8%) said it was a big problem, and 6.7% said it was a main reason for seeking assistance, making it the sixth most common main reason identified. Despite the presence in Tasmania of large chain stores selling relatively cheap new clothes and charity op-shops selling second-hand clothes, clothing is clearly still an expense that is well out of reach of the budgets of Tasmania's most disadvantaged, although, as with findings on the cost of food, it is possible that participants' responses were influenced by the nature of the assistance available from providers. Some emergency relief providers, particularly those with op-shops, are able to provide clients with free clothing such as second-hand winter coats. However, recent research on the experiences of low income earners in Tasmania identified that new clothing is one of the items people most commonly go without in order to balance their household budgets (TasCOSS 2009a, p. 3). And for some groups of people, particular circumstances may mean it is not simply a case of 'going without' new clothes as a budgeting option – there are clothes that they need to buy but cannot afford.

The cost of clothing is an issue for households with children. This burden is greater in larger families.

Clothing and children: One group that might particularly 'need' clothing is children. Children may grow out of or wear out clothing faster than adults and can require uniforms or other special clothes for school, sport or recreational activities. A survey of emergency relief clients seeking assistance with the costs of education for their children found that the cost of clothing for school, such as school uniforms, was the second most unaffordable priority expense after books (Weaving et al. 2004, p. 12). Peer pressure may also make it difficult for children to be comfortable wearing op-shop clothing or cheaper, 'no-brand' clothing, leading to parents making additional financial sacrifices to buy their children clothing that is more acceptable to their peers (Flanagan, J 2000, p. 16; TasCOSS 2009a, p. 32).

Disability Support Pensioners, 35-44 year olds, public housing tenants and homeless people were also more likely than other participants to have difficulties with clothing costs.

Table 13 illustrates the impact of clothing costs on households with children. It shows that although all households with children were more likely to find clothing costs a problem, when it came to experiencing a higher level of difficulty, households with one or two children were less likely than households without children and less likely than all participants to describe clothing costs as a big problem. It was larger households – those with three or more children – who were much more likely to say that the cost of clothing was a big problem. Overall, the findings suggest that clothing costs do impose some extra burden on households with children and that this burden becomes more difficult to manage the more children there are to clothe.

Table 13.
Percentage of participants describing clothing costs as a problem by number of children

Degree to which clothing costs are a problem	ALL (%)	Number of dependent children in the household (%)			
		No children	1 child	2 children	3 or more children
A big problem	33.8	35.5	27.8*	29.6	40.7
A bit of a problem	39.0	32.3	44.4	48.1	37.3
A problem (total)	72.8	67.7	72.2	77.8	78.0

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Who else has problems with clothing costs?: It was not just households with children who experienced difficulty with clothing costs. A number of other groups were much more likely than average to describe clothing costs as a problem for their household, including

- Disability Support Pensioners (78.3% said clothing costs were a problem, with 40.2% saying they were a big problem);
- 35-44 year olds (79.8% and 42.7% respectively) – it is worth noting that over half (54.1%) of 35-44 year olds had children; and
- public housing tenants (78.4% and 34.5% respectively).

Homeless people seem to experience particularly intense difficulties with the cost of clothing. Three quarters (75.0%) of homeless participants said that the cost of clothing was a problem for their household and 45.5% said the cost of clothing was a big problem; the latter figure in particular is well above the average. James (2008, pp. 1, 13) points out that warm, protective clothing is critical for homeless people with inadequate shelter who are exposed to the elements and lack sufficient heating, but that their lack of adequate washing or sanitation facilities mean that they are often the group in the community least able to maintain what little clothing they have in a reasonable condition.

Among participants on the Disability Support Pension, people with physical disabilities and people with other (i.e. non-psychiatric) disabilities were particularly likely to identify clothing as a problem: 85.4% of participants with physical disabilities and 88.9% of participants with other types of disability, including learning and intellectual and acquired brain injuries, said that the clothing costs were a problem; 45.8% of participants with physical disabilities said clothing costs were a big problem. Participants with psychiatric disabilities were less likely than people with other disabilities to have issues with clothing costs – 73.3% said clothing costs were a problem – but over a third (35.6%) still said that clothing costs were a big problem for their household.

Certain types of physical disability may require the purchase of custom-made clothing or shoes to accommodate the effects of the disability (Hinton 2006, p. 107). Continence problems can lead to extra wear and tear on clothing due to staining and constant washing (Hinton 2007, p. 85). A survey conducted in 1997-98 by the Physical Disability Council of Australia identified additional clothing and footwear as a considerable extra cost borne by people with disabilities that non-disabled Australians did not have to meet (Physical Disability Council of Australia 2003, pp. 5-6). There is no funded program available to help people with disabilities with the additional costs of specialised clothing and footwear (Community Affairs References Committee 2004, p. 371). Previous research has also identified the cost of clothing as one of considerable concern for people with psychiatric disabilities, with many lacking warm clothing for winter and others, who suffered from particular symptoms as a result of their psychiatric condition, experiencing problems caused by uncontrolled spending or giving away their possessions, weight fluctuations due to medication or shoes wearing out due to excessive walking (Cameron & Flanagan 2004, pp. 51-3). The impact of psychiatric illness, intellectual disabilities and acquired brain injury on people's capacity to manage their personal spending, discussed in section 2.6, may also lead to inappropriate purchases; for example, some participants in Tasmanian research on serious mental illness and poverty reported having large collections of clothing in the wrong size or clothes that were all too lightweight to provide adequate warmth in winter (Cameron & Flanagan 2004, pp. 51-2).

The right to adequate clothing is recognised under the Universal Declaration of Human Rights, yet many disadvantaged people find it difficult to assert this right.

Clothing as a human right: James (2008, pp. 1-2) argues that the right to adequate clothing, which is included in the right to an adequate standard of living guaranteed under the Universal Declaration of Human Rights, has become the 'forgotten right' in international law in comparison to the treatment given to housing, health, food and water, although it is recognised, if not fulfilled, at a domestic level because inadequate clothing is such a stark visual reminder of poverty. He also lists those groups who are least able to assert their human right to adequate clothing. The list includes many, if not most, of the participant groups in this survey: the unemployed, under-employed and working poor, people dependent on income support payments, homeless people, the elderly, people with serious mental illnesses or intellectual or physical disabilities, children and young people, especially those in foster care, juvenile detention or other institutional settings, people in hospitals and rehabilitation centres, people in prison, people working in hazardous industries or oppressive conditions who need protective clothing to safeguard their lives and health, indigenous people, refugees, asylum seekers and migrant workers and the victims of natural disasters, civil unrest, war, persecution and displacement (James 2008, pp. 2-3). Saunders et al. (1998, p. 227) point out that discussion of clothing needs should move beyond

> the range, type and quality of clothing and footwear needed for protection from the elements … to include an appropriate wardrobe of clothes and footwear which permits individuals to participate in the labour market, as well as in social activities appropriate to their age, sex and lifestyle, including sport, recreation and "special" occasions … [in order to allow for] an appropriate degree of economic and social participation.

3.3.3. The cost of transport

Key findings

- Participants in northern Tasmania experienced greater problems with transport costs than participants in the south or north-west.
- Rural residents experienced greater difficulties with transport than urban residents.
- The groups of participants experiencing the most difficulties with private transport costs were households where someone had a serious illness and households where someone had recently left hospital.
- Young people and people on Newstart Allowance were the least likely to use private transport and the most likely to use other forms of transport, such as public transport. People on Newstart Allowance experienced the greatest difficulty with other transport costs.
- Rural households where someone had a serious illness or had recently left hospital experienced much greater levels of difficulty than similar households in urban areas. The cost of petrol in particular was a major issue.

Transport costs, especially the cost of owning and running a private car, were a big problem for participants.

That transport costs were a problem for a large proportion of participants is to be expected given Tasmania's dispersed population and lack of public transport infrastructure. The cost of registration was the biggest issue for participants, with 34.1% describing it as a big problem, compared to 30.4% identifying car repairs and maintenance as a big problem, 29.5% describing petrol as a big problem and only 13.4% describing other transport costs as a big problem. The 'lump sum' nature of car registration and repairs and maintenance costs can create considerable difficulties for households with very limited discretionary incomes. Registration and urgent car repairs are among the more common reasons why households seek short-term, high-interest 'payday loans', with one survey of borrowers finding that 22% had taken out a loan to assist with car repairs (National Financial Services Federation, cited in Hughes 2009, pp. 15-16; Consumer Action Law Centre, cited in Hughes 2009, p. 15). Overall, however, the cost of petrol affected the most participants: 61.5% in total said that petrol was a problem, compared to 57.2% for car registration, 52.5% for car repairs and maintenance and 38.8% for other transport costs.

'Other' transport costs would include such costs as bus and taxi fares and user charges for community transport. Although only a relatively small proportion of people identified these costs as a problem, it

The region reporting the most problems with the costs of private transport was northern Tasmania. People in rural areas were slightly more likely to have problems with transport costs than people in urban areas.

People in rural areas and northern Tasmanians appear to have a greater reliance on private cars than people in other places.

appears that at least some of the people identifying other transport costs as a problem were solely reliant on other forms of transport because they did not have a private car. Participants who said that the cost of car registration, car repairs and maintenance or petrol were not relevant for their household were less likely to describe other transport costs as not relevant and more likely to identify other transport costs as a problem for their household.

Transport and location: Table 14 compares the degree to which the various transport-related costs listed in the survey were a big problem for people in different regions of the state and people in urban and rural areas. It indicates that people in the north of the state consistently experienced the greatest difficulty with car registration, car repairs and maintenance and petrol costs and that rural areas are much more likely than people in urban areas to report big problems with car registration. (People living in rural areas were also more likely than people in urban areas to say that the cost of car repairs and maintenance and petrol were problems for their household – 54.1% said that car repairs were a problem compared to 50.7% of urban residents, and 66.1% said that petrol was a problem compared to 57.1% of urban residents).

Table 14.
Percentage of participants describing transport costs as a big problem for their household by region and type of area

Transport cost	Region (%)			Type of area (%)	
	South	North	North-west	Urban	Rural
Car registration	29.4	38.4	30.5	31.7	36.5
Car repairs/maintenance	24.8	34.3	28.8	29.1	30.6
Petrol	26.8	34.6	22.6*	29.0	29.6
Other transport costs	14.4	11.8*	10.3*	14.0	9.8*

** Estimate has a relative standard error of 25-50% and should be used with caution.*

The very small number of rural residents nominating other transport costs as a big problem – the number was so small it could not generate reliable findings – could be linked to greater reliance on private transport in rural areas due to a lack of public transport infrastructure. Rural residents were much less likely than urban residents to describe those transport costs related to private vehicles as not relevant for their household and much more likely to describe 'other' transport costs as not relevant. The recent review of core passenger transport services in Tasmania (Pauley 2007) indicates that most of the bus services that operate in rural areas are focussed on school students, with limited services available for the general community.

It is less clear why northern residents experienced the greatest difficulties with costs associated with private vehicles. Northerners were more likely than people from other regions to describe 'other' transport costs as not relevant to their household – half (50.4%) of the participants living in northern Tasmania said these costs were not relevant compared to 28.4% of people in the south and 44.8% of people in the north-west – which suggests that people in the north are also less likely to use public transport and more likely to rely on private cars.

Mapping the adequacy of the public transport system across the state, particularly in rural areas where there are a range of different private operators, is beyond the scope of this research. However, there are some points of relevance in relation to the regional distribution of urban services. Metro Tasmania's annual report indicates some differences between the north and the other two regions of the state. As at June 2008, Launceston had a much lower proportion of accessible buses in its fleet – only 16.33% were accessible compared to 28.08% of the Hobart fleet and 20.00% of the Burnie fleet. This translated into fewer accessible weekly trips – 20.41% in Launceston compared to 38.76% in Hobart and 39.25% in Burnie, putting Launceston well below the state average of 34.51% of weekly trips being accessible (Metro Tasmania 2008, p. 6). And while over three quarters (77.0%) of Metro's total passenger trips were in Hobart in 2008, with 17.9% in Launceston and 5.1% in Burnie (Metro Tasmania 2008, p. 5), only 62.8% of the total population of these three centres lives in Hobart, with a further 31.2% in Launceston and 6.0% in Burnie (ABS 2007c, 2007d, 2007b). This suggests Metro's service coverage is weighted away from Launceston.

Research shows some groups in the community have greater difficulties than others with accessing affordable transport.

Transport disadvantage: Certain groups in the community may find transport is a particularly problematic issue, including older people, people with disabilities, people with young families, children, unemployed people, young people, people with poor health, low income earners and single parents (State of Victoria 2008, p. 3). Tasmanian research has identified the difficulties that people with disabilities and the carers of children with disabilities experience accessing safe, affordable and appropriate transport (Cameron & Flanagan 2004, pp. 53-5; Hinton 2006, pp. 95-8; Hinton 2007, pp.

121-4), and anecdotal evidence from service providers involved in this survey was that people with health problems, especially those living in rural areas, also had considerable difficulties with transport-related costs when they needed to travel for medical appointments. A report on poverty and disadvantage among Home and Community Care clients identified considerable difficulties for clients in affording the cost of maintaining and operating a private vehicle (Marsh 2008, pp. 27-8). The need for improvements in patient transport services has been the focus of considerable political attention at a national and a state level. A Senate inquiry was held in 2007 (Standing Committee on Community Affairs 2007) and, following the findings of an internal study, the Tasmanian Government commissioned consultants to undertake an external review of the Tasmanian patient transport scheme. That review made a number of recommendations, including for an increase in the subsidies available to people who needed to travel to access specialist treatment (DHHS 2008b).

Lack of access to transport has also been identified as a major barrier to employment for disadvantaged jobseekers (Brotherhood of St Laurence 2008, p. 14), and research has shown that young people who lack a driver's licence or who cannot afford a car often miss out on work or educational opportunities if there is no public transport available, especially in rural areas (Harris & Tapsas 2006, p. 6).

Tables 15a and 15b look at the degree to which transport-related costs were a problem for groups found by research to be at particular risk of 'transport disadvantage', including people with disabilities (using receipt of the disability pension as a proxy), jobseekers (using receipt of Newstart Allowance as a proxy), people with children, young people (aged 24 years and under), older people (aged 45 years and over), single parents and people whose household has been affected by either a serious illness or someone leaving hospital in the previous 12 months. Table 15a focuses on costs related to private transport, while Table 15b considers 'other' transport costs, which would include public and community transport and taxis.

Households where someone had a health problem were much more likely than average to have problems with the cost of private transport.

Table 15a.
Percentage of participants describing private transport costs as a big problem for their household by population group

		Group of participants (%)							
Transport cost	ALL (%)	Recipient of Disability Support Pension	Recipient of Newstart Allowance	Single parent	Has dependent children	Someone in household has experienced a serious illness	Someone in household has recently left hospital	Aged 24 years or under	Aged 45 years or over
Car registration	34.1	38.1	32.4	37.7	37.0	46.2	39.1	25.0	38.3
Car repairs/ maintenance	30.4	39.0	25.0	36.8	32.5	41.6	44.9	16.9*	39.7
Petrol	29.5	34.1	32.9	36.5	33.1	38.0	43.7	16.3*	32.5

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Table 15a demonstrates that, in relation to private transport costs, people on Newstart Allowance (with the exception of petrol costs) and especially younger people are less likely than average to report that these costs are big problems for their household. People on the Disability Support Pension, single parents, people with children and people aged 45 and older are more likely than average to have big problems. However, participants who said that a member of their household had had a serious illness or left hospital in the previous year were the most likely of all the groups considered, and much more likely than the average participant, to describe private transport costs as a big problem.

The table also suggests that the cost of repairs and maintenance is a particularly problematic expense for the groups considered, with five of the groups in the table reporting big problems with this expense at levels well above average.

Table 15a considers whether other transport costs were a problem for the household.[20] It also considers

[20] The relatively smaller number of participants identifying other transport costs as a big problem meant that to ensure reliable results, 'a problem' rather than 'a big problem' had to be the indicator used in this table.

People on Newstart Allowance were the most likely to report problems with other transport costs. People on Newstart Allowance and young people were the most reliant on non-private forms of transport.

whether other transport costs were relevant to the participant, with the assumption that if these costs were not relevant, the participant did not use 'other' forms of transport, including public transport, either because they were not available or because they used private transport instead. Conversely, a lower percentage describing 'other' transport costs as not relevant would therefore indicate a higher degree of reliance on these forms of transport among that group of participants.

Table 15b.
Percentage of participants describing other transport costs as a problem and as not relevant by population group

		Group of participants (%)							
Transport cost	ALL (%)	**Recipient of Disability Support Pension**	**Recipient of Newstart Allowance**	**Single parent**	**Has dependent children**	**Someone in household has experienced a serious illness**	**Someone in household has recently left hospital**	**Aged 24 years or under**	**Aged 45 years or over**
Other transport costs are a problem for the household	38.8	41.0	46.5	43.4	37.8	43.2	30.6	42.1	33.3
Other transport costs are not relevant for the household	39.8	35.9	26.8	36.4	41.9	37.8	46.8	30.3	47.8

Table 15b indicates that people on the Disability Support Pension or Newstart Allowance, single parents, people with serious illnesses and young people were all more likely than average to describe other transport costs as a problem, although some groups by only small margins, and less likely than average to say that other transport costs were not relevant. People on Newstart Allowance experienced the greatest difficulties with other transport costs, with close to half (46.5%) of these participants reporting that other transport costs were a problem for their household. The two groups that appeared to be the most reliant on non-private forms of transport were young people and people on Newstart Allowance.

Taken together, and acknowledging that these conclusions do depend on some assumptions, including how participants would have interpreted the phrase 'other transport costs', the two tables suggest that people with health problems experience the greatest difficulties with private transport, but that people affected by serious illnesses are also dependent on other forms of transport for at least some of their travel. This may reflect their usage of community transport as well as public transport. Young people and people on Newstart Allowance are the most dependent on non-private forms of transport, but people on Newstart Allowance experience the greatest difficulty with the cost.

Households where someone had a health problem were much more likely to have problems with the cost of transport is they lived in rural areas.

Transport, health and location: Anecdotal evidence from emergency relief providers is that people with poor health in rural communities experience some of the greatest difficulties with transport costs because they must travel long distances to access specialist treatment or attend appointments. Issues particular to rural communities include the limited coordination of outpatient appointments for patients travelling long distances and the lack of follow-up support after discharge (DHHS 2008a, p. 8), and considerable concern has been expressed by researchers, health services and patients themselves about the difficulties inherent in travelling to access medical treatment. In Tasmania, with its small population, specialist medical facilities can only be sustained at major hospitals, which means that many patients who need to access these services inevitably need to travel to do so (DHHS 2008b, p. 27). Table 18 clearly shows that rural households where someone has a serious illness or has recently left hospital were much more likely than equivalent households in urban areas to report that transport costs create difficulties for the household. The cost of petrol in particular is a major issue.

Tasmania's transport system is heavily dependent on 'roads and cars', with limited alternatives and a residualised public transport system.

Table 16.
Percentage of participants describing transport costs as a problem for their household by health-related issue by type of area

Transport cost	Someone in household has experienced a serious illness (%)		Someone in household has recently left hospital (%)	
	Urban resident	Rural resident	Urban resident	Rural resident
Car registration costs are a problem for the household	55.8	79.3	57.5	76.0
Car repairs/maintenance are a problem for the household	64.3	69.0	60.0	72.0
Petrol costs are a problem for the household	59.1	86.2	62.5	88.9
Other transport costs are a problem for the household	57.1	21.4*	42.9*	**

** Estimate has a relative standard error of 25-50% and should be used with caution.*
*** Estimate has a relative standard error of more than 50% and is considered too unreliable for general use.*

The State Government has acknowledged that an effective system of patient transport is critical if it is to successfully implement its new Health Plan (DHHS 2008a, p. 8). For example, the accommodation and petrol allowances available under the Patient Travel Assistance Scheme have recently been increased (DHHS 2008a, p. 13), although it is not clear what modelling was conducted to ascertain whether the new allowance levels will reflect the actual costs incurred by patients, particularly those who are disadvantaged.

Transport in Tasmania: The level of transport disadvantage in a community is dependent on a number of factors, including proximity to services, adequacy and availability of public transport, ability to use alternative forms of transport and availability of vehicles belonging to family or friends. Tasmania's urban areas have been designed around private cars and road based transport. This 'focus on roads and cars' has resulted in a dispersed population and relegation of affordable housing to the urban fringe (DIER & STCA 2007, pp. 29, 31). The dispersal of settlement also inhibits the efficient and cost-effective provision of public transport services (DIER & STCA 2007, p. 32), reinforcing the reliance and focus on private cars that created the situation in the first place.

While there is no comprehensive map of transport disadvantage in Tasmania, in the greater Hobart area analysis derived from ABS data indicates that transport disadvantage is highest in broad acre public housing estates, while rural areas are also highly disadvantaged due to physical distance and a lack of alternatives to private cars (DIER & STCA 2007, p. 31). It is reasonable to assume that similar issues exist in broad acre public housing estates and rural communities in other parts of the state as well.

The flaws in Tasmania's transport system mean that many Tasmanians need a private vehicle in order to get around, yet ownership of a car can place considerable financial strain on a household. In fact, some researchers have argued that this financial burden undermines the use of access to a private car as an indicator of socio-economic advantage. Johnson, Currie and Stanley (2009, p. 9) have argued that the actual relationship between disadvantage and car ownership is complex and that 'the distribution of advantage may more closely correlate to the accessibility of goods and services available through a range of transport options, such as public transport or walk accessibility [sic]'; there is a lack of research on 'how the participation and mobility provided by car ownership trades off against the high costs for low income families'. In other words, people may own a car not because they have a higher income and can afford to do so, but because they have no other way of accessing the goods and services they need, even though owning the car places an intolerable strain on the household budget. The findings of this survey have demonstrated that the costs of car ownership are effectively unaffordable for many of the most disadvantaged households. However, the findings also show that for the participants in this survey, other transport options such as public and community transport are also unaffordable.

The service provided by Tasmania's main public transport provider, Metro Tasmania, is a residualised service. The Government's primary objective in relation to its funding of public transport is 'to mitigate the impact of transport and socio-economic disadvantage and by doing so meet the essential travel needs of the community' (GPOC 2009, p. 159). This suggests that at a policy level, public transport is seen as transport for the poor, rather than a public good that is available to all or that, by reducing traffic congestion and therefore travel times (GPOC 2009, p. 94), provides a service to the whole community. Metro itself is a highly subsidised company, deriving just a quarter of its revenue from fares and the bulk of its funding, 70%, from Government (GPOC 2009, p. ix). However, the Minister has indicated that there is pressure on Metro to 'sharpen its commercial focus', such as increasing its attractiveness to full-fare paying passengers, which will improve revenue flows and provide funds for service improvements (Tasmania, Legislative Council, Budget Estimates Committee 2009, pp. 84-5). It is not clear whether

The State Government has recently established a trust fund which will provide capital grants to community organisations to purchase vehicles to use as community transport. The fund will not cover operating costs.

this will also allow for greater cross-subsidisation of concession passengers or the expansion of services in disadvantaged areas.

In 2009, the State Government asked the Government Prices Oversight Commission (GPOC) to carry out an investigation into Metro's pricing policies, including an identification of 'what changes would be necessary to the full adult fares structure to achieve full cost recovery' (GPOC 2009, p. 160). The fares that would be required were considerable, and although the final fares order approved by the Minister at the end of July allows for gradual increases in the full adult fare for a single trip, the increases are well below what would be necessary to fully cover costs (Sturges 2009). The rationale for this decision was that implementing full cost-recovery would discourage people from using buses (Tasmania, Legislative Council, Budget Estimates Committee 2009, p. 84). In the same pricing investigation, GPOC also recommended changes to the way in which concession and student fares were calculated and set, but while these recommendations are under consideration, the Government has advised that no changes will be introduced before 2011 (Sturges 2009).

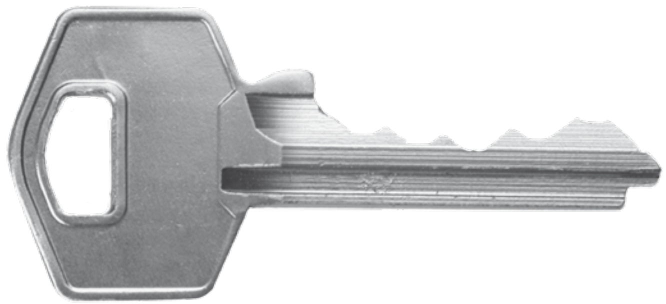
In recognition of the difficulty many Tasmanians face in accessing adequate transport, the State Government recently established the Tasmanian Community Transport Trust, which is to offer two rounds of funding opportunities annually for three years from 2009 under the Cars for Communities banner. Community organisations can apply for funds with which to purchase vehicles to provide transport services in their local community. However, the program guidelines clearly state that applicants 'must be able to independently fund the ongoing management and maintenance of the vehicle', 'ensure the transport service is sustainable and … cover recurrent costs including registration, fuel, maintenance and motor accident insurance'. Options for recovering the costs of operating the vehicle include charging fees for service, relying on volunteer drivers and obtaining in-kind support for servicing of vehicles (Social Inclusion Unit 2009a, pp. 2, 3, 5).

The lack of recurrent funding attached to the Cars for Communities program is a concern. Some groups that have purchased vehicles for community transport purposes using capital funding available through charitable grants have later found that they cannot afford the cost of running the vehicle (Hinton 2006, p. 94). In-kind support and volunteer labour can only go so far in off-setting costs and it is likely that most of the costs incurred by Cars for Communities applications will be offset by user charges. It would be a shame if a positive initiative designed to improve access to transport in communities resulted in the

A State Government study designed to provide a framework for action on passenger transport over the next ten years has yet to be released.

provision of transport that the most disadvantaged and excluded members of those communities could not afford to use. A research report on financial disadvantage among Home and Community Care clients noted the barrier imposed by user charges on people's capacity to access essential services, including transport, and stressed the importance of fee waivers for those most at risk of financial hardship and most dependent on services. This group includes people reliant solely on income support payments, single people without their own home, people vulnerable to exploitation by partners and people with major health needs (Marsh 2008, pp. 84-5).

The State Government has commissioned an urban passenger transport study which is 'designed to provide a definitive framework for action on passenger transport over the next decade' (DIER 2009). The Premier informed Parliament that the study would 'consider the full range of measures … including park-and-ride facilities, car parking, bus lanes, bus priority measures and land use planning responses… light rail options, ferries and local area transport… cycling and walking options', with an initial focus on Greater Hobart as a case study (Tasmania, House of Assembly 2008a, p. 7). The Minister has indicated that an important intention of the study is to move people away from the use of private vehicles and encourage them to travel by public transport, cycling or walking (Tasmania, Legislative Council, Budget Estimates Committee 2009, p. 53). Completion was anticipated by April 2009 with initial recommendations to be reflected in the 2009-10 State Budget (DIER 2009; Tasmania, House of Assembly 2008a, p. 7). However, at the time of writing, the State Budget had been and gone and the study had not been released (*Mercury* 31 August 2009, p. 6; Stedman 2009c).



3.3.4. The cost of rent

Key findings

- Just over half (56.7%) of the participants were paying less than $300 a fortnight for their housing. However, most of these people were in public housing. Only a third (35.7%) of private renters paid less than $300 a fortnight.

- People paying less than $300 a fortnight were much less likely to describe the cost of rent as a big problem for their household.

- Participants reported a very low level of overdue rent. But the proportion with arrears was much lower than the proportion who said that they had been unable to pay their rent in the previous year due to a shortage of money, suggesting that arrears could be under-reported.

- Participants in public housing were much more likely than participants in private rental to have had a rent increase in the previous year, but half of these increases were of less than $10 a fortnight, which probably means they were incremental adjustments to income-linked rents occurring as a result of the indexation of income support payments. Just over half of private tenants had rent increases of $20 or more a fortnight.

- Just over a quarter (27.8%) of the participants had moved three or more times in the previous two years. One in ten (10.7%) had moved five or more times.

- Private renters and homeless participants were much more likely to have moved regularly. Nearly half (47.5%) of homeless people had moved five or more times.

- Households which had experienced frequent moves reported higher rates of hardship and financial difficulty than households which had moved fewer times or not at all.

Tasmania has experienced an acute shortage of affordable housing over the last decade.

The housing affordability crisis which followed the housing boom of 2001-02 onwards has been well canvassed in the media and in research literature. In particular, house prices and private rents have risen dramatically to levels out of reach of most low income earners. Vacancy rates in the private market have also fallen to extremely low levels. The resulting pressure on the public housing and homelessness service systems has resulted in increased waiting lists for public housing and an increase in the number of clients of homelessness services, including children. Yet in the same period, the supply of public housing has fallen considerably (Flanagan, K 2007, pp. 15-16, 21). The Australian Government's second economic stimulus package, the Nation Building and Jobs Plan, promises to add some 500 new properties to Tasmania's social housing stock (Thorp 2009a). The Tasmanian Government is also developing a number

Half the participants who rented were paying less than $150 a week in rent. But one in five were paying more than $200 a week.

of supported accommodation facilities for homeless people with complex needs (Tasmania, House of Assembly, Budget Estimates Committee 2009, p. 46). If these projects are carried through as planned, they will ease pressure on the public housing system, but they will not alleviate it completely.

Rental costs: The participants in this survey who were renting tended to be paying relatively low amounts of rent. Just over half (56.7%) were paying less than $150 a week for their housing ($300 a fortnight). However, at the other end of the scale, 19.1% were paying more than $200 a week for housing ($400 a fortnight).[21] It is also important to note that while $150 a week is 'relatively low' when compared to the wider rental market it can still represent an unaffordable amount for some households.

The typical rent paid would be skewed by the inclusion of public housing tenants among participants; most public housing tenants pay income-linked rather than market-linked rents. There is also the possibility of a small amount of distortion in the private rental data because the category on the survey form was 'private/other rental'; this would include community housing tenants, who also pay lower-than-market rents.[22] However, the small size of the community housing sector in Tasmania in comparison to the private rental market should minimise any impact on the results of the survey

The impact of rent on a household's budget might also be affected by the household's Commonwealth Rent Assistance entitlement. Rent assistance is a cash supplement paid to people who receive an income support or family assistance payment and pay rent in private or community housing (Centrelink 2009b). There are structural issues with this system. Public housing tenants are not eligible, on the basis that they already receive a considerable subsidy through income-based rents (Industry Commission 1993, p. 101). Rent assistance does not vary according to location, but is paid at a uniform rate across the country, despite extensive regional differences in average rents (National Shelter & ACOSS 2003, p. 5). Once a threshold amount of rent is paid, rent assistance is received at a rate of 75 cents in the dollar up to a ceiling or 'cut-off point', after which the amount does not increase. For single private renters, for example, rent assistance is not paid if the fortnightly rent is less than $99.40, and the maximum amount of assistance, $111.80, applies once fortnightly rent exceeds $248.47.[23] Among the single private renters participating in this survey, 65.2% were paying more than the $250 a week, which would put them above

[21] These figures exclude people living in crisis accommodation, who may also pay rent.
[22] The largest community housing association in Tasmania, the Red Shield Housing Association, charges 30% of total income including rent assistance (Salvation Army 2008).
[23] Centrelink payment rates accurate as at 15 October 2009.

Private renters paid much higher rents than public housing tenants, and were more likely to describe rent as a big problem and to seek assistance because of rental costs.

A low level of rental arrears was reported by participants, but much higher numbers said that they had had problems paying their rent in the previous year, suggesting that arrears may have been under-reported.

Overall, rent increases in the previous year tended to be small, but one in five participants had had a rent increase of more than $40 a fortnight. Private tenants were much more likely to have had larger increases.

the rent assistance 'cut-off'. From this point on, whether the renter was paying $250 a fortnight or $500 a fortnight, they would still only receive $111.80 a fortnight in assistance.

Participants who were public housing tenants did pay much less in rent than private tenants: 85.0% of public housing tenants paid less than $150 a week compared to only 35.7% of private renters. These lower rents are probably the reason why public housing tenants were less likely than private renters to describe rent as a big problem (16.2% compared to 34.7%), less likely to list rent as a main reason for needing assistance (14.3%* compared to 35.0%), and more likely to say that rent was not a problem for their household (47.0% compared to 29.9%). Lower rents in general do appear to be important in reducing strain on the household's budget: of the 37.0% of renters who said rent was not a problem for their household, 69.3% were paying $150 or less a week for their housing.

Arrears: A very low level of rental arrears was reported by both private and public tenants – 11.3% and 6.0%* respectively. But much higher proportions of both groups reported that during the previous year, due to a shortage of money, they could not afford to pay their rent (58.1% and 30.8% respectively). This could mean that arrears were under-reported. It is also worth noting that the proportions in each tenure reporting that they could not afford to pay their rent at some point in the previous year are just over one and a half times, in the case of private tenants, and double, in the case of public tenants, the proportions which said that rent was a big problem for their household.

Even a low level of arrears is of concern, given that being in arrears can place a tenant at risk of eviction. Financial counsellors have also expressed concern that the arrears repayment plans imposed by Housing Tasmania set repayments at too high a level, placing tenants in a position of financial difficulty.

Rent increases: Overall, rent increases in the previous year tended to be in smaller amounts, with a third (34.8%) of tenants reporting increases of $10 or less a fortnight and over half (60.1%) reporting increases of $20 or less a fortnight. A considerable minority (18.1%) of renting participants did however report increases of more than $40 a fortnight. There were also critical differences between the experiences of public and private tenants.

* Estimate has a relative standard error of 25-50% and should be used with caution.

Just over a quarter of participants had moved three or more times in the previous two years. One in ten had moved five or more times.

Participants in public housing were much more likely than private renters to have had a rent increase in the preceding year (77.0% compared to 40.7%), but the increases tended to be small – of those public tenants who had an increase, half (50.7%) had increases of $10 or less a fortnight. These increases are likely to be the incremental rent adjustments that occur with income-based rents as a result of the indexation of income support payments. Rent increases in private rental were generally much higher, with 54.0% of participants in private rental experiencing increases of more than $20 a fortnight and only a small number experiencing increases of $10 or less. Some public housing tenants also had increases of more than $20 a fortnight, although the proportion was smaller than for private renters at 28.0%.

Security of tenure: Although not directly related to the cost of housing, security of tenure is considered an important element of affordable, appropriate and adequate housing (Flanagan, K 2007, p. 5). How secure was the housing of the participants in this survey? Two fifths (41.1%) of the survey participants had not moved at all in the preceding two years. However, others had been very mobile: 27.9% had moved three or more times and 10.7% had moved five or more times. Home owners and public housing tenants had moved the least, reflecting the greater security available in these forms of tenure, while private renters and homeless people had a much higher level of mobility, as shown in Table 17.

Table 17.
Number of moves made by participants in the last two years by housing tenure

Number of moves in last two years	Housing tenure (%)			
	Public housing	Private rental	Home buyers	Homeless people
No moves	60.2	24.5	85.7	12.5*
1-2 moves	24.4	42.8	**	17.5*
3 or more moves	15.4	32.7	**	70.0
5 or more moves	5.7*	7.5*	**	47.5

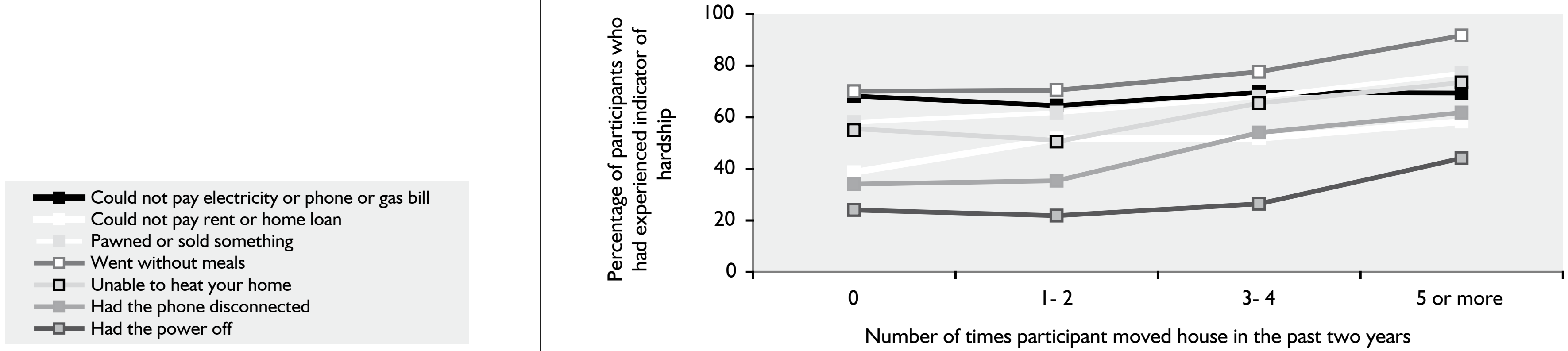
** Estimate has a relative standard error of 25-50% and should be used with caution.*
*** Estimate has a relative standard error of more than 50% and is considered too unreliable for general use.*

Research has highlighted the importance of security of tenure with regard to reduced stress levels, improved self-esteem, motivation, capacity to address personal problems and develop supportive community networks and relationships, greater family stability, better school performance by children and increased levels of community participation (Lewis 2006). In contrast, frequent moves can be extremely disruptive to a household. Housing insecurity has been shown to have negative impacts on educational outcomes for children, with children in households which moved frequently missing school, losing friends or enduring long commutes for the sake of remaining at the same school. Frequent moves also disrupt learning programs, particularly remedial learning programs for at risk children, and stop-gap housing options can mean a child lacks appropriate places to do homework and study (Phibbs & Young 2005, pp. 47-50). In a study of low income private and social renters in Victoria and New South Wales, Hulse and Saugeres (2008, p. 2) concluded that housing insecurity, which they defined as including frequent residential moves and changes of residence beyond the control of the individual, 'was integrally linked to insecurities in other aspects of the lives of those interviewed: financial, employment, health, insecurity of self and family instability'.

Households which had moved frequently were more likely to report constant financial problems and experienced higher rates of financial hardship.

Participants who had moved more frequently were more likely to report that their household had ongoing financial problems: while 45.1% of households which had not moved at all in the previous two years said their household had financial problems regularly or always, this increased to 53.3% of households which had moved three to four times and to 59.5% of households which had moved five or more times. Figure 11 demonstrates a link between frequent household moves and financial hardship, with households that had moved several times reporting higher rates of difficulty on most indicators than households which had not moved at all in the previous two years.

Figure 11.[24]
Percentage of participants reporting that their household experienced financial hardship by number of moves made in the last two years



[24] Values for Figure 11 are as follows:

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	Number of moves made by the household in the previous two years (%)			
	0	1-2	3-4	5 or more
Could not pay electricity or phone or gas bill	68.2	64.5	69.6	69.4
Could not pay rent or home loan	38.7	51.8	51.9	58.3
Pawned or sold something	58.1	61.8	67.9	77.1
Went without meals	70.1	70.5	77.6	91.7
Unable to heat your home	55.0	50.6	65.5	73.5
Had the phone disconnected	34.1	35.4	54.0	61.8
Had the power off	24.0	21.8	26.4*	44.1*

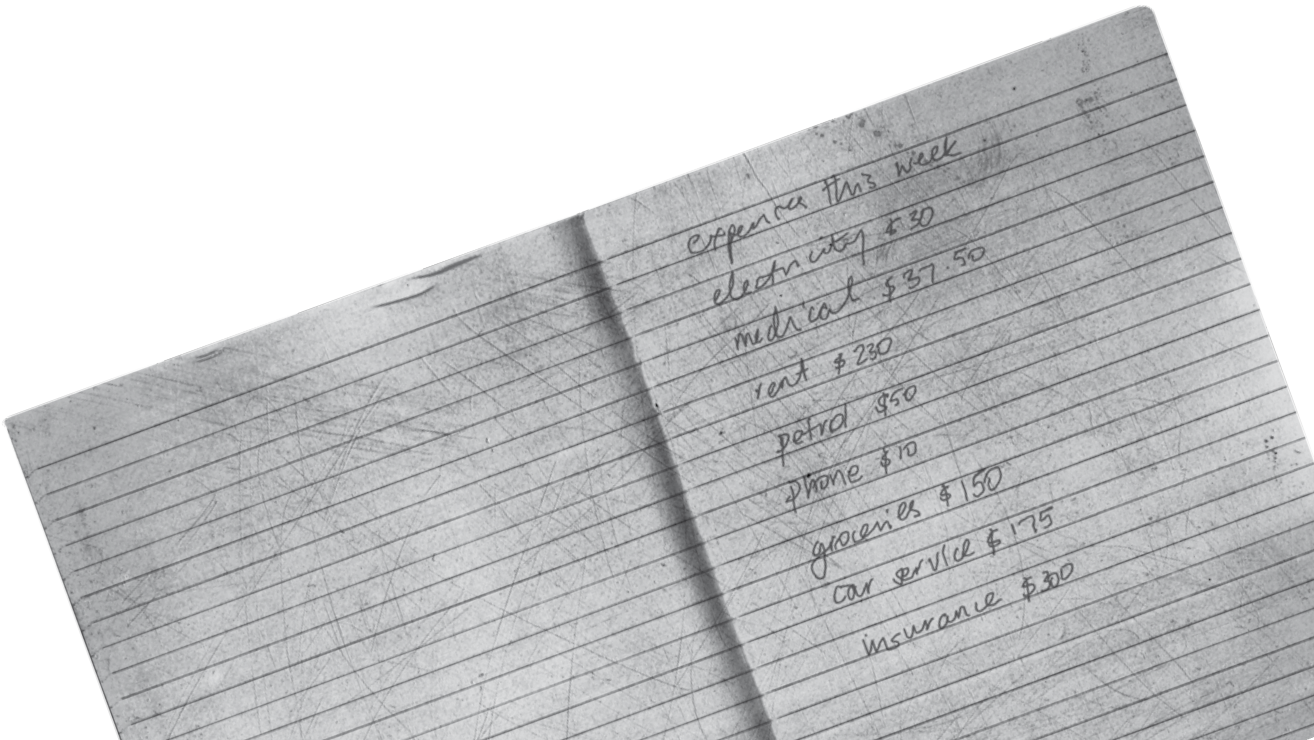
** Estimate has a relative standard error of 25-50% and should be used with caution.*

The likelihood that moving costs would be a big problem for the household increased with the number of moves the household had made.

One in ten participants said they or someone in their household had been evicted in the past year.

Not unexpectedly, households which had moved more frequently were also more likely to describe moving expenses as a problem for their household – 36.0% of people who had moved 1-2 times said moving costs were a problem for their household, compared to 40.8% of those who had moved 3-4 times and over half (52.8%) of those who had moved five or more times. The cost of moving can be so prohibitive that service providers report that some people are forced to stay in unaffordable housing because they cannot afford the cost of moving. In recognition of the financial burden that can be imposed by moving, moving costs are included along with bonds and rent in advance and arrears in the costs that can be covered by Tasmanian private rental assistance services (Housing Tasmania 2008, p. 1).

Moves can of course be voluntary – people may choose to move to increase or reduce their living space, to live closer to their children's school or to family or friends, or to take up an employment opportunity. But other moves can be involuntary, resulting from unreasonable increases in rent, the property being sold or eviction. A tenth (10.0%) of participants said that they or someone in their household had experienced eviction in the previous year. Almost half of these participants (48.7%) were private renters; evictees were also disproportionately likely to be male (40.0% of whom had been affected by eviction even though men only made up 32.8% of all participants) and living alone (47.5%).



Residential electricity in Tasmania is distributed and sold by Aurora Energy, a state owned company. Prices are independently regulated. Pensioners and Health Care Card holders receive a State Government-funded concession.

3.3.5. The cost of electricity

Key findings

- Just under a third (30.3%) of the participants said electricity bills were a big problem for their household and just under a fifth (18.4%) said electricity bills were one of their main reasons for needing assistance.
- However, electricity costs appear to be causing even greater difficulties than these figures suggest: 31.1% of participants currently had an overdue electricity bill, well over half (57.4%) had been unable to heat their home in the previous year due to a shortage of money and 28.3% had had their electricity supply disconnected due to a shortage of money.
- Almost half (45.7%) of the participants used Aurora Pay As You Go to pay for their electricity. A further 22.9% were on a standard account and 11.2% were on a payment plan with Aurora.
- While participants using Aurora Pay As You Go were less likely to report difficulties with electricity bills they were more likely than participants using other payment methods to experience problems linked to electricity affordability, such as being unable to heat their home or having their electricity supply disconnected.
- Participants who had had their electricity supply disconnected in the previous year due to a shortage of money reported extremely high levels of hardship. Nearly two thirds of these households included dependent children.
- Only half (50.7%) of the participants received the State Government's electricity concession, even though most were eligible. Of those not receiving the concession, well over half (57.0%) said that they did not know about it.
- Single parents and renters seemed particularly likely to be unaware of the concession.

Electricity supply in Tasmania: Up until 2007, the distribution and sale of electricity in Tasmania was undertaken on a monopoly basis by Aurora Energy, a state owned company. As a result of Tasmania's entry into the National Electricity Market, some licenses have been issued to other providers but Aurora remains the sole retailer for domestic customers, with the introduction of contestability in this sector scheduled for 1 July 2010, subject to a public benefit assessment (OTTER 2008, pp. 19-20). The Tasmanian Energy Regulator's[25] draft report to the Treasurer on this issue (Office of the Tasmanian Energy

[25] The official name for the Regulator of Tasmania's electricity industry was changed from the Energy Regulator to the Economic Regulator in July 2008 to reflect the acquisition of additional responsibilities for the regulation of the water and sewerage industries. The acronym for the Regulator's Office, OTTER (Office of the Energy/Economic Regulator) remained unchanged. To avoid confusion, in this report, references to the Office are abbreviated as OTTER when they refer to the Office of the Economic Regulator, but given in full when they refer to the Office of the Energy Regulator.

Regulator 2008) recommended against contestability by 1 July 2010 for customers consuming less than 50 mWH per year, but a final decision has yet to be announced.

Maximum electricity prices in Tasmania are currently set by the independent Economic Regulator and Aurora must seek the Regulator's approval for any amendment to tariffs (OTTER 2008, p. 32). Aurora Energy has a community service agreement with the State Government to provide a concession on residential electricity prices to pensioners and Health Care Card holders. This concession is worth almost $25 million per annum (OTTER 2008, p. 135) or about $319 per annum for each of the 74,000 customers who are eligible. Of these, over 17,000 are pre-payment meter customers (Aurora Energy 2009e). As noted in section 1.2 of this report, Aurora distributes funding to emergency relief providers to assist customers facing hardship due to electricity costs. This funding assisted 930 customers in 2007-08 to a value of $110,000 (OTTER 2008, p. 135). Following the doubling of that funding for 2009-10, it is now worth $270,000 (Aurora Energy 2009e).

Only two thirds (67.7%) of Tasmanian residential customers pay their accounts on time, which is consistent with that of customers of other energy providers, although the impact of a new $5 late payment fee and a direct debit discount is expected to increase the rate of on-time payment. The late payment fee was applied 83,147 times in 2007-08, a decrease of 8% from 2006-07, suggesting that it is starting to become effective (OTTER 2008, pp. 129-30). An exemption from the late payment fee applies to customers who are on an agreed payment plan, are using EasyPay (this payment option is discussed below), are recipients of the Government-funded electricity concession or are on life support (Aurora 2009b). Regulations require customers who are unable to pay their account on time due to a lack of money to contact Aurora. Aurora is then required to offer information about independent financial counselling services and to offer a payment plan which takes into account both the customer's ability to pay and their pattern of electricity consumption (OTTER 2008, p. 129). About 350 payment plans are put in place each month, but only about 10% are successfully completed (OTTER 2008, p. 133). A payment plan requires a customer to make a regular payment to Aurora which includes a debt repayment component and a component to cover ongoing electricity usage. Anecdotally, financial counsellors report that the failure of payment plans is not related to the customer's inability to afford the debt repayment, but rather is due to ongoing difficulties in affording the cost of the electricity they consume.

A range of pre-payment options exist for electricity customers, including a pre-payment meter or 'Aurora Pay As You Go'.

Aurora offers customers a range of options for paying their bill, including the usual mail, BPAY, on-line and telephone payment options. Other options include 'EasyPay', a regular weekly, fortnightly or monthly amount paid by the customer based on their recent electricity consumption plus a 10% contingency for extra usage; PrePay, a special card on which customers can make advance payments against their electricity costs; and Centrepay, which allows customers to have fortnightly deductions made from their income support payment which are then deducted from their next electricity bill (Aurora Energy 2009b). In order to increase the proportion of customers who pay their bills on time, Aurora is currently promoting the use of direct debit to pay electricity accounts, either when the bill arrives or in instalments in advance (OTTER 2008, p. 129). The promotion includes the provision of a discount of 5 cents plus GST per day to all customers using direct debit to pay for their electricity (Aurora Energy 2009c).

Another option is switching to an Aurora Pay As You Go (APAYG) prepayment meter. According to the Office of the Economic Regulator, 19% of Tasmania's residential electricity customers use APAYG and this proportion is expected to increase (OTTER 2008, p. 126). Unlike standard tariff prices, APAYG prices are unregulated. This is because APAYG is seen to be a tariff choice made by customers and not the only option available (McLean 2005, p. 1). In 2004-05, the Regulator reviewed the APAYG system and elected not to regulate prices on the grounds that the costs would outweigh the benefits. Instead, the Regulator releases an annual comparison between APAYG rates and standard tariff rates to enable customers to make 'an informed choice' (OTTER 2008, pp. 127-8). In the June 2009 comparison publication, the Regulator observed that it was 'difficult to make a definitive comparison between APAYG and standard tariffs because the bills for standard tariff customers are calculated on consumption for each tariff over a quarter and APAYG charges vary according to time of use and summer and winter rates'. Despite this difficulty, the Regulator concluded that both fortnightly and annual costs for standard and OffPeak electricity customers were much cheaper than for APAYG customers in both summer and winter. This was a notable shift from the findings of the 2008 price comparison, when APAYG winter rates emerged as much cheaper than standard tariffs for all customer groups and APAYG rates in general were cheaper for medium to high consumption customers. The difference was attributable to increases in APAYG rates between 2008 and 2009, ranging from a 7.2% increase in summer prices through to increases in winter rates of between 20 and 46.3% depending on the time of day and the class of customer. The Regulator also noted that APAYG customers' fixed daily charges had increased by 7.2% while the pensioner discount had increased by only about 2% per day (OTTER 2009a, pp. 1, 3-4).

The unregulated nature of Pay As You Go prices has been the subject of considerable controversy.

This discrepancy between APAYG prices and standard tariff prices became the subject of considerable controversy when it emerged in mid-2009 that APAYG prices would increase by an average of 12% in 2009-10, while standard tariff prices would increase by only 7% (Brown 2009). The price increase provoked protest from customers, opposition Members of Parliament and community groups (Brown 2009; Claridge 2009). One Member of the Legislative Council was quoted in the newspaper as saying that it was 'misleading' of Aurora to target APAYG to low income earners on the basis that it would save them money, given that the cost of APAYG was higher than standard tariffs and unregulated (*Mercury* 26 June 2009, p. 5). Aurora defended the price increase as driven by increases in the cost of metering technology and the costs involved in establishing and maintaining a new point of sale network after the original network had collapsed the previous year and denied that APAYG was more expensive when compared to standard tariffs (Bloomfield 2009). The anger the announcement generated within the community, however, triggered intervention by the State Government, which ordered Aurora to reduce the APAYG price increase to the same proportional increase as had been approved by the Regulator for standard tariff customers – 7.2% – for all concession customers (Bartlett 2009a).[26]

At the time of writing, the Regulator is carrying out a review of APAYG, including whether or not APAYG prices should be regulated. The draft report, released for public comment, recommends that prices remain unregulated on the basis that APAYG is a product of choice and that a 'safety net', regulated tariff, the standard tariff, is available (OTTER 2009b, pp. 50-1). Submissions in response to the draft report disputed this assertion (Anglicare Tasmania 2009a; TasCOSS 2009b).

Nearly a third of participants said that electricity bills were a big problem for their household. A higher proportion reported having an overdue electricity bill, having problems paying utilities bills, being unable to afford to heat their home or having the electricity disconnected.

Problems with electricity: The residential consumption of electricity in Tasmania is about one third higher than the national average and the highest in Australia. This is due to Tasmania's cooler weather and the limited use of natural gas for cooking and heating (OTTER 2008, p. 125). Certainly the cost of electricity is a major contributor to financial crisis. A third (30.3%) of participants said that electricity bills were a big problem for their household. The groups of participants most likely to describe electricity bills as a big problem were people on the Disability Support Pension (40.4%), people with

[26] Given that Aurora is a state owned company, this intervention was noteworthy for two reasons. Firstly, the research literature on government owned enterprises states that good governance requires that state owned companies operate with autonomy on a day-to-day basis and that intervention by Ministers should be minimal (McDonough 1998; Edwards 2006). By ordering Aurora to change its pricing decision, the State Government was effectively interfering in an operational decision for political reasons. Secondly, the Government was 'specifically [requiring] a public enterprise to carry out activities … which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors to generally undertake…' (Industry Commission 1997, p. 7). This is the generally-accepted definition of a community service obligation, and under the State Government's own policy in relation to community service obligations as outlined in Treasurer's instruction GBE 13-114-04, these need to be identified, justified, separately accounted for, funded out of the Consolidated Fund through the normal Budget process and controlled through a contractual arrangement between the Government and the state owned company. This is not to be the case with the APAYG directive: it appears that in lieu of direct funding, the State Government will accept a reduced dividend from Aurora in 2009-10 (Bartlett 2009a).

larger families (i.e. three or more children – 45.8%) and couples with children (40.3%). Those least likely to describe electricity bills as a big problem were people on Newstart Allowance (22.9%), people with no children (28.2%), private renters (28.8%) and single people (26.8%).

Although only 30.3% of participants overall said that electricity was a big problem for their household and only 18.4% said their electricity bill was a main reason for needing assistance, 31.1% said they had an overdue electricity bill, 67.9% said that in the previous year they had been unable to pay a utilities bill (which included electricity as well as gas or telephones) due to a shortage of money, 57.4% said they had been unable to heat their home during the previous year due to a shortage of money and 28.3% said they had actually had their power disconnected in the previous year due to a shortage of money. This indicates that, in general, electricity was actually causing greater problems in households than was immediately apparent.

That 28.3% of participants had been disconnected is particularly alarming given that in total, Aurora only disconnected 872, or 0.39%, of all residential customers in 2007-08. The vast majority of these disconnections were debt-related (OTTER 2008, p. 131). Because of technical limitations on most APAYG meters, the official disconnection rate includes only a small proportion of the APAYG customers who have been disconnected from supply, but even if it is an underestimate, the disparity between the disconnection rate for all customers and the disconnection rate prevailing among participants in the survey is shocking. Officially recorded disconnection rates have fallen a great deal since the introduction of APAYG,[27] but even in 1999-00, when the APAYG take-up rate was only small, the disconnection rate was only around 2.5-3% (OTTER 2008, p. 131).

Nearly half the participants used an Aurora Pay As You Go meter to pay their electricity costs. A fifth were on a standard billing arrangement and one in ten were on a payment plan with Aurora.

Methods of payment: Among participants, APAYG was the most common payment method for electricity bills, with almost half (45.7%) using an APAYG meter. A standard account (a regular bill with payment required by a due date) was used by 22.9% and 11.2% were on a payment plan with Aurora. The remaining participants used a range of payment methods, including Centrepay, EasyPay, PrePay and direct debit.

APAYG coverage was greater in urban areas, with 48.7% of urban residents using APAYG meters compared to 38.8% of rural residents. Certain groups of participants were also much more likely to

[27] APAYG was first trialled in 1995 and commenced in its current form in 1997 (OTTER 2008, p. 126).

Aurora Pay As You Go is very popular among low income earners but concerns have been raised about its suitability for people on very low incomes.

be using APAYG meters: people on Parenting Payment Single (59.6%) and single parent households (56.8%), people aged 24 years and under (56.8%), households with two children (64.3%) and three or more children (50.9%) and public housing tenants (57.5%). Other participants were notably less likely to be using a meter, including people on the Disability Support Pension (34.0%), single people (38.8%), people with no children (35.9%), private renters (38.7%), men (35.8%) and older people (40.0% of people aged 45 and over). This might appear to suggest that APAYG meters are more popular with larger than with smaller households, but it may also reflect the pattern of meter installation across tenure types. With the exception of people on the Disability Support Pension and to some extent older people, the groups less likely to be using APAYG meters are more likely to live in the private rental market than they are to live in public housing.

Research suggests that APAYG is a very popular payment method among low income earners because it allows them to spend incrementally on electricity rather than wait for large bills and it gives them a greater sense of control over their expenditure (Ross & Rintoul 2006). A survey commissioned by TasCOSS found that many customers said that potential differences in price between APAYG and standard tariffs concerned them less than the capacity to avoid large bills, although it is worth noting that most participants in that survey said they thought the cost of APAYG electricity would be about the same or less than standard tariffs, and that this was particularly true for low income earners (Ross & Rintoul 2006, p. 32). Participants in focus groups organised by Anglicare Tasmania to provide background for a submission to the review of APAYG also indicated that they believed APAYG was cheaper, although they seemed to be indicating that it was the incremental nature of the payments that made it cheaper: 'it's easier to fork out $55 [a fortnight] than it is to… I just can't begin to imagine what the power bill would be' (focus group participant, cited in Law 2004, p. 2). Other focus group participants had deliberately reduced their power bills by targeting their usage for the cheapest times, although this could mean doing housework, such as laundry, late at night (Law 2004, p. 8). Aurora promotes APAYG on its website as offering customers the opportunity to '[s]ay goodbye to power bills' (Aurora Energy 2009a) and uses the slogan 'pull the plug on power bills' (Aurora Energy 2009d). Testimonials on its website from customers also attest to the greater capacity to budget on APAYG: Kate, a APAYG customer for six months, says, 'We like to be able to see how much power we use on a daily basis', while Dearne, a APAYG customer for 13 months, says, 'APAYG is great for budgeting. I know how much to allow for power each pay' (Aurora Energy 2009d).

However, TasCOSS has argued that APAYG is not the best option for people on low incomes who have difficulty budgeting, suggesting that other pre-payment methods offered by Aurora, such as EasyPay, payments via Centrepay and Pre-Pay, are better alternatives (McLean 2005). Participants in the Anglicare focus groups said that they did not believe Aurora provided enough information about these alternatives in comparison to the level of promotion given to APAYG (Law 2004, p. 7).

TasCOSS's reasons for recommending against APAYG included the fact that 'self-disconnections' (i.e. the customer was unable to afford to recharge their APAYG card, even after their 'emergency credit' of $10 had run out) were not recorded by Aurora and not covered by Aurora's obligations in relation to standard tariff disconnections, such as notifying the customer in advance and conducting a field visit to discuss alternative options. This meant they were therefore 'hidden' from the community (McLean 2005, pp. 2-3; see also Duggan & Sharam 2004, p. 23). In other words, self-disconnections 'hide financial hardship from public view and isolate those experiencing hardship from the safeguards and systems in place to assist' (McLean 2006, p. 1). Following the Regulator's review of APAYG, a new section was introduced into the Tasmanian Electricity Code in May 2007 which requires any new or replacement APAYG meters installed by Aurora to be capable of recording information about self-disconnections (OTTER 2008, pp. 127-8, 130). Aurora has had difficulty in sourcing meters with this capability, which means no new APAYG customers have been connected since this requirement was introduced. This problem is expected to be resolved by November 2009 (OTTER 2009b, pp. vii-viii, 6).

Another concern that has been raised in relation to pre-paid electricity, by TasCOSS and other advocates, is the lack of access to credit (McLean 2005, p. 3). APAYG meters are programmed with $10 of 'emergency credit', which is intended to give a customer who runs out of credit on their meter enough time to recharge the meter before the supply is disconnected (Aurora Energy 2009d). Beyond this, however, if an APAYG customer is in financial difficulty and not able to afford to recharge their meter, they have no access to electricity. By contrast, a standard tariff customer in financial difficulty does have access to credit – the entire quarterly billing system is effectively based on the extension of credit by the company to the customer. Duggan and Sharam (2004, pp. 17, 35) argue that this kind of credit, which includes flexible and extended payment options, is essential for low income earners because it both allows customers unable to pay to retain supply and because it 'provides the flexibility which is crucial to cash flow management in a financially constrained household'.

Participants using Aurora Pay As You Go were less likely than other participants to report problems with electricity bills, but more likely to report being unable to heat their home or being without electricity at all.

Does APAYG's capacity to assist customers to budget work to protect people from financial difficulty? Table 18 compares households' experiences of different aspects of financial difficulty with electricity across payment methods.

Table 18.
Percentage of participants reporting difficulties with electricity costs by electricity payment method

Indicator of difficulty with electricity costs	Electricity payment method (%)		
	Pay As You Go meter	Standard account	Payment plan
Electricity bills are a big problem for the household	23.5	45.7	37.5*
Electricity bills are main reason for needing assistance	13.0*	35.0	18.5*
Household owes money on overdue electricity bill	19.2	45.3	57.1
Household could not pay a utilities bill in previous year due to shortage of money	61.8	75.6	82.5
Household was unable to heat home in previous year due to shortage of money	63.1	50.6	51.4
Household had power off in previous year due to shortage of money	33.8	19.5*	27.3*

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Table 18 suggests that while APAYG customers are less likely to have difficulties or perceive that they have difficulties with electricity bills and electricity costs, they are more likely than other customers to actually experience problems that are linked to electricity affordability, such as being unable to heat their home and being without power at all. In the TasCOSS-commissioned survey of APAYG customers, 23% of participants reported running out of electricity in the previous year. This proportion rose to 43% for single parents and 33% for households where at least one person was unemployed. In addition, 22% of participants said that they had put off paying for other household expenses in order to ensure that they did not run out of electricity. These expenses included other household bills, groceries and supplies, food, rent and mortgage payments and their children's education costs (Ross & Rintoul 2006, pp. 35-6).

Are difficulties with heating only connected to electricity?: It is of course true that not all Tasmanians use electricity as their main source of heating, which could mean that some of those households, including APAYG customers, who were unable to heat their home were in that position because they

Although not all difficulties with heating relate to electricity – some participants used wood-heaters – the use of wood heating among Aurora Pay As You Go customers did not account for their greater difficulties with heating costs.

couldn't afford wood (or perhaps gas).[28] Were APAYG customers' greater difficulties in affording heating due more to the cost of wood than to the cost of electricity?

Across all participants, difficulty in heating the home is associated with greater difficulties in affording wood – among those who had been unable to heat their home in the previous year due to a shortage of money, 43.9% also said that the cost of wood was a problem for their household, compared to 18.2% of those who had been able to heat their home. And among people who said that the cost of wood was a big problem for their household, 87.8% had been unable to heat their home in the previous year due to a shortage of money, compared to just 47.6% of those who said wood costs were not relevant to them and 50.0% of those who said wood costs were not a problem for their household. This finding can also be compared to the 67.4% of people describing electricity bills as a big problem for their household who had been unable to heat their home in the previous year.

Customers on a standard account and APAYG customers reported that the cost of wood was a problem for their household in similar proportions (37.7% of standard account customers compared to 36.6% of APAYG customers). When only those who reported difficulties heating their home in the previous year are considered, the proportion of APAYG customers describing wood costs as a problem increases to 45.1%, but this increase also occurs among standard account customers: 51.4% of people on standard accounts who reported difficulties with heating also said that wood costs were a problem. This suggests that while some of the difficulty in affording heating reported by APAYG customers may be due to the cost of wood, this experience is common to both APAYG customers and standard account customers and is not therefore an adequate explanation for the higher rate of difficulty reported by APAYG customers.

Electricity and hardship: Table 18 above includes three of the hardship indicators used in the survey, but only in the context of all customers using a particular payment method. What were the levels of hardship across all the indicators reported by participants who actually identified that they had problems with electricity costs? These problems include describing these costs as a big problem, seeking assistance mainly because of electricity costs, overdue electricity bills and electricity disconnection. The

[28] While use of gas is a possibility, only 6700 of the 43,000 Tasmanian households that potentially have access are connected to gas (Stedman 2009d). Among low income earners, this figure is likely to be lower. Housing Tasmania is installing gas appliances in some of its properties, but the main focus so far appears to have been on gas-heated hot water systems (Housing Tasmania 2007b, p. 4; FaHCSIA 2009h) rather than gas-powered general heating, and it is unlikely that many private landlords at the affordable end of the market would invest the funds required to connect their properties to gas.

Participants who said that electricity bills were a big problem for their household, who had overdue electricity bills and who had had the power disconnected in the previous year due to a shortage of money all reported higher than average levels of hardship.

Very high levels of hardship were reported by households that had had their electricity disconnected in the previous year. Nearly two thirds of these households included children.

proportions of all participants in these positions were, respectively, 30.3%, 18.4%, 31.1% and 28.3%, so they represent at least between one fifth and one third of all participants.

Table 19.
Percentage of participants reporting that their household experienced financial hardship by type of difficulty with electricity costs

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money		Difficulty with electricity costs reported by participant (%)			
	ALL (%)	Electricity bills are a big problem	Electricity bills are main reason for needing assistance	Overdue electricity bill	Had power off in previous year due to shortage of money
Could not pay electricity or phone or gas bill	67.9	81.7	78.3	93.3	86.7
Could not pay rent or home loan	47.9	47.2	35.7*	60.4	63.4
Pawned or sold something	64.6	70.5	65.9	75.9	82.9
Went without meals	75.1	80.6	73.3	83.6	93.0
Unable to heat your home	57.4	67.4	61.0	68.2	83.1
Had the phone disconnected	40.8	42.5	35.0*	49.0	63.6
Had the power off	28.3	35.3	26.3*	41.4	n/a

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Table 19 demonstrates that people describing electricity bills as a big problem, people with overdue electricity bills and people who had had their power disconnected due to inability to pay were all more likely than average to experience hardship. Somewhat surprisingly, however, participants who said electricity bills were a main reason for needing assistance were less likely than the others to report hardship, although sample size could have influenced results. This may be because participants are aware that emergency relief providers offer specific assistance with electricity costs and may therefore use this assistance in order to free up other areas of their budget to cover essentials such as food and rent. These participants did have above-average levels of difficulty with heating and the payment of utilities bills.

According to Table 19, those people who had had their power disconnected in the previous year experienced the highest levels of hardship overall. Nearly two thirds had had problems paying rent or their phone disconnected and over four in five had had problems paying utilities bills, had pawned or sold possessions and had difficulty with heating. Over nine tenths had missed meals. It is worth remembering that electricity disconnection in the previous year was reported by 28.3% of all survey participants. Even more worryingly, 64.9% of participants who had had their power disconnected had dependent children. This is a concern both because of the exposure of children to the level of difficulty reported above and because it is an over-representation – only 51.4% of participants overall had dependent children. Furthermore, participants who had had their power disconnected were more likely than other participants to say that they did not receive the State Government's electricity concession – 56.6% of participants who had been disconnected said they did not, compared to 46.7% of all participants who did not.

Only half the participants said their household received the State Government's electricity concession.

Concessions: Overall, although half (50.7%) of the participants said their household received the State Government's electricity concession, most of the other half (46.7%) said their household didn't and a further 10 participants did not know whether they did or not. A take-up rate of just 50.7% is extremely low given that well over 90% of participants were in receipt of concession cards, which entitle the card holder to the concession if the electricity account is in their name. It is also low in the context of previous research. A survey of APAYG customers found that although only 52% were aware of the electricity concession for Pensioner Concession Card holders, the levels of awareness were markedly higher (between 78% and 88%) among groups that were actually eligible for the concessions (Ross & Rintoul 2006, p. 38).

A possible explanation for the low take up rate is that the concession was only extended to Health Care Card holders for the two winter quarters in the 2003-04 State Budget (Department of Treasury and Finance 2003, p. 7), and for the full year even more recently, as part of a 2006 election commitment (Department of Treasury and Finance 2006, p. 9). When the concession was originally extended to Health Care Card holders for winter, the take up rate was much lower than expected (Anglicare Tasmania 2003, p. 3), so customers obviously take some time to become aware of their entitlements and take up the opportunity. In support of this theory, Health Care Card holders made up more than half (53.8%) of those participants who were not receiving the concession and only one third (33.3%) of all participants holding a Health Care Card were receiving the concession. However, 28.3% of Pensioner Concession Card holders were not receiving the concession either, which indicates that the low take-up rate among participants was not confined exclusively to Health Care Card holders.

Some groups of participants were much less likely than others to be receiving the electricity concession.

These included Newstart Allowees (only 36.1% were in receipt of the concession), younger people (only 25.0% of people aged 24 years and under and 43.9% of people aged 25-34 were receiving the concession), men (38.4%) and people identifying as Aboriginal (43.6%). As noted above, people who had had their electricity disconnected in the previous year due to a shortage of money were also less likely to receive the concession (41.0% received it).

The most common reason for not receiving the concession was that people did not know about it.

Of the people not receiving the concession, more than half (57.0%) said it was because they didn't know about it. Single parents and renters seemed particularly likely to be unaware of the concession: 70.4% of participants on Parenting Payment Single and 66.7% of single parents who didn't receive it said this was because they didn't know about it, as did 64.1% of public tenants and 67.2% of private tenants who did not receive the concession. Ten participants gave their payment method (mainly APAYG) as the reason they didn't receive the concession – this finding is notable in light of the under-representation of APAYG customers among those receiving the concession, which could indicate that this misunderstanding about eligibility is more widespread. Only 18.1% of participants not receiving the concession said that this was because the account holder was not eligible.

The lack of knowledge of the concession among so many of the participants and the evidence of confusion about eligibility among a small proportion of participants suggests that, despite the longstanding nature of the electricity concession, further promotion is necessary to ensure eligible customers are aware of it and that people are also aware that it is available to all customers, not just those on ordinary accounts.

3.3.6. Heating and the cost of wood

Key findings

- Although the survey did not specifically ask what method participants used to heat their home, about half (49.4%) the participants said wood costs were relevant to their budget.
- People who used wood for fuel were much more likely than people who did not to say that they had had problems heating their home in the previous year.

The use of wood-heating is declining in Tasmania, but is still well above the Australian average.

Well over half (57.4%) of the participants in the survey said that they had been unable to heat their home in the previous year due to a shortage of money. In Tasmania, with its long, cold winters, this is a serious concern. Use of wood for heating purposes remains extremely common in Tasmania, although it is in decline. According to the ABS' household expenditure survey, Tasmanians spend more than five times the Australian average on wood for fuel ($2.15 a week compared to $0.41 a week), despite the fact that Tasmanians actually spend less per week on goods and services than Australians on average ($758.89 compared to $892.83) (ABS 2006d). In 1999, 56.2% of Tasmanian households used wood heating, falling to 45.6% in 2002 (ABS 2007f). By 2008, however, only 35% of Tasmanian households used wood as a source of energy (ABS 2009a, p. 47). But despite the dramatic fall over the last decade, one third of households is still a considerable number, and Tasmania remains the state with the highest proportion of households using wood for energy by a very large margin.

The survey form did not ask participants what form of heating they use, but one of the household expenses listed was 'cost of wood (for heating)' and about half (49.4%) said that that this cost was relevant to their household (i.e. a big problem, a bit of a problem or not a problem). People in rural areas may find it easier and cheaper to use wood to heat their home rather than electricity as wood may be more accessible in country areas, and when urban and rural participants were compared, two thirds (67.0%) of rural residents said wood costs were relevant, compared to 38.3% of urban residents, suggesting that rural residents are much more likely use wood for fuel than their urban counterparts.

People who used wood for fuel were more likely to have problems heating their home than people who did not.

As noted above in section 3.3.5, finding wood costs to be a problem was linked to greater difficulties in heating the home. It appears that users of wood-heating experienced greater difficulties than people who did not – 47.6% of people who said that the cost of wood was not relevant to their household had had problems heating their home in the previous year due to a shortage of money, compared to 67.9% of people who said that the cost of wood was relevant. The likelihood that people would have difficulty heating their home also increased with the degree to which wood costs were a problem, from 50.0% of people who said wood costs were not a problem, to 64.4% of people who said they were a bit of a problem and to 87.8% of people who said that they were a big problem.

Rural residents were more likely than urban residents to describe the cost of wood as a big problem – 24.3% compared to 12.2%. However, while greater numbers of rural residents have problems with wood costs urban residents who use wood-heating are experiencing greater heating-related hardship than rural residents. Of those people who said wood costs were a big problem, the proportion of urban residents who had difficulty heating their home in the previous year was higher than that of rural residents: 94.4% compared to 87.0%.

Wood costs were more of a problem for people aged 35-44 years, Aboriginal people, private renters, single parents and people with two or more children.

A number of population groups were also much more likely to describe wood costs as a problem for their household, including people aged 35-44 years, Aboriginal people, private renters, single parents/people on Parenting Payment Single and people with two or three or more children.

Aboriginal participants were more likely than other participants to live in rural communities – 45.5% were rural residents compared to 34.2% of all participants. This was not the case with private renters who were no more or less likely to live in rural communities than other participants. The difficulty faced by private renters in accessing wood may be because of an inability to choose which heating option would suit them, their circumstances and their budgets the best. Despite advice from groups like the Australian Greenhouse Office to preferentially seek out properties with efficient and inexpensive heating (Australian Greenhouse Office n.d.), the shortage of affordable housing in Tasmania means that low income earners in the private rental market usually have to take what they can get, and this can mean living in a property where the only heating option provided is an open fireplace – or where no heating equipment is installed at all and the tenant must use a portable electric heater.

As noted elsewhere, families with children were less likely than other participants to experience problems in heating their home due to a shortage of money. However, among those families identified above as particularly likely to describe the cost of wood as a problem for their household, the proportions reporting difficulty in heating their home were much higher than average: 75.9% of participants on Parenting Payment Single, 81.3% of single parent households and 65.7% of participants with two or more children.

The greater likelihood of people aged 35-44 years older finding wood costs to be a big problem is somewhat of an anomaly. They were only slightly more likely than other participants to describe wood costs as relevant to their household (51.4% compared to 49.4%) which suggests they have similar levels of reliance on wood heating when compared to other participants. Of all age groups, however, these participants experienced the greatest levels of pressure on their daily budget. Almost half (45.3%) described five or more expenses as big problems for their household. In this context, it is perhaps not surprising that those participants in this age group who did rely on wood-heating had greater difficulties than most in affording the wood that they needed.

Over 80% of participants had a mobile phone and over half said their mobile was the only phone they had. Only two fifths of participants had a landline or home phone.

3.3.7. The cost of telephones

Key findings

- The overwhelming majority of participants (83.7%) had mobile phones and over half (52.8%) said their mobile was the only phone they had.
- The groups most likely to depend exclusively on mobile phones were young people, people who worked or were looking for work, people from a non-English speaking background and single parents.
- People with mobile phones preferred pre-paid credit – 85.4% of participants with a mobile used pre-paid credit and only 10.8% used a standard billing arrangement.
- The use of pre-paid credit does not mean that customers could afford to have credit on their mobile phones.
  - While the use of pre-paid credit minimised the risk that a household would report difficulties with mobile phone costs or overdue bills, the rate of disconnections was the same regardless of payment method.
  - Over half (55.9%) the customers on standard accounts had overdue bills, suggesting that call costs are generally unaffordable.
- Experiencing problems with telephone bills was associated with an increased rate of hardship.

Mobiles and landlines:

> While the telephone is not always regarded as an essential utility, having the telephone connected is a necessity for many reasons: to keep in touch with friends and family, to look for work, in case of an emergency and … to receive adequate medical attention (Engels, Nissim & Landvogt 2009, p. 63).

Like the rest of the community, low income earners have moved in large numbers to adopt mobile phones and the participants in this survey demonstrated this. A large majority (83.7%) of participants had a mobile phone and over half (52.8%) said their mobile was the only phone they had. The proportion reliant on a mobile only was much higher than that reported by participants in the Tasmanian Community Survey: only 5% of respondents to that survey said they only had a mobile phone (Madden & Law 2005, p.11). The reasons this section of the community might rely particularly on mobile phones could include the ability to keep the same telephone contact details when changing address, as many participants had done frequently. Jobseekers or casual workers may use mobiles to maintain more immediate contact with employers offering work or additional shifts or to fulfil Centrelink reporting requirements. There is also the pressure to comply with social norms and expectations, which are very much that a person will have a mobile phone. People might also see a mobile as a cheaper option because they do not have to pay for line rental.

Yet for low income earners, landlines (i.e. a home phone) may also be important. The cost of calling a mobile number may mean that family and friends may be less likely to call someone if they do not have a landline (see TasCOSS 2009a, p. 33). Yet landline ownership was much lower than mobile ownership: two fifths (41.5%) of participants had a landline, with three quarters (74.7%) of these people using their landline in combination with a mobile phone; only 10.5% of all participants had a landline only. A small proportion (5.5%) of participants said they had no phone at all.

Up to date information on the pattern of telephone usage in Australia is difficult to come by. Saunders, Naidoo and Griffiths (2007) surveyed the general community and clients of welfare agencies and found that 96.8% of the respondents in the community sample had a telephone (the type of telephone was not specified) compared to 76.4% of clients; 81.8% of the community sample had a mobile phone compared to 72.7% of clients. An updated survey of clients in 2008 by Saunders and Wong (2008) found that 72.5% of clients had a telephone and 80.0% had a mobile. In both surveys, less than three quarters had access to a public telephone – 72.3% in the 2006 survey and 72.5% in the 2008 survey (Saunders, Naidoo & Griffiths 2007, p. 35; Saunders & Wong 2009, p. 31). Across Australia, use of landlines is in decline and mobile phone usage is rising. Nine in ten (90%) Australian households have both a landline and a mobile phone and only about 10% have a landline only (Australian Communications and Media Authority, cited in CHOICE 2008).

These figures suggest that the proportion of survey participants with no phone at all may be an under-representation given that they are more likely to share the characteristics of the client group in the Saunders, Naidoo and Griffiths and Saunders and Wong surveys. The figures also suggest that the proportion of participants in the current survey with both a landline and a mobile may be an under-representation compared to the community as a whole: 31.0% compared to 90%. One research company has suggested that the greater reliance on mobile phones alone is because consumers, especially young people, cannot afford both a fixed and mobile line and see their mobile as more necessary (CHOICE 2008).

Those most dependent on mobile phones exclusively were young people, people who work or who are looking for work, people from a non-English speaking background and single parent households.

Although mobile phone ownership was high generally, some groups had particularly high rates of mobile ownership. These included working participants (96.7%), participants on Youth Allowance (95.8%), younger participants (95.1% of people aged 24 or younger), participants from a non-English speaking background (90.9%), and participants living in share houses (91.3%).

Other groups were less likely than average to have a mobile phone, including participants on Parenting Payment Partnered (only 78.1% had a mobile), participants on the Disability Support Pension (77.4%) and older participants (74.1% of people aged 45 and over).

Certain groups of participants were also much more likely than others to rely solely on a mobile phone. These included people on Parenting Payment Single/single parents (58.4% and 58.1% respectively only had a mobile), people on Newstart Allowance (65.1%), people on Youth Allowance (83.3%), men (61.2%), young people (72.8% of people aged 24 years and under), people from a non-English speaking background (72.7%), households with one dependent child (63.2%) (noting that 73.3% of one-child families are single parent households) and homeless people (73.8%).

Taken together, these results suggest that the participants most likely to depend exclusively on mobile phones were young people, people who worked or who were looking for work, people from a non-English speaking background and single parent households.

Table 20 looks at various indicators of difficulty with phone costs compared across different patterns of phone ownership.

Home phone bills are more likely than mobile phone bills to cause problems for households.

Most participants who had mobile phones used pre-paid credit.

Table 20.
Percentage of participants reporting difficulties with telephone costs by type of phone ownership

Indicator of difficulty with telephone costs	ALL (%)	Phone ownership of participant (%)		
		Home phone only	Mobile phone only	Home and mobile phone
Home phone bills are a big problem for household	17.1	32.4*	8.3*	29.0
Mobile phone bills are a big problem for household	12.0	**	13.3	12.0*
Household owes money on an overdue home phone bill	22.6	47.5	12.4	37.3
Household owes money on an overdue mobile phone bill	12.4	**	12.4	16.9
Household could not pay a utilities bill (electricity, gas or telephone) in previous year due to a shortage of money	67.9	64.9	66.5	73.1
Household had telephone disconnected in previous year due to a shortage of money	40.8	58.1	42.5	34.9

** Estimate has a relative standard error of 25-50% and should be used with caution.*
*** Estimate has a relative standard error of more than 50% and is considered too unreliable for general use.*

Despite some issues with sample size, Table 20 suggests that overall, home phone bills are more likely than mobile phone bills to create problems for the household. People reliant on only one type of telephone, especially those with only a home phone, are more vulnerable to disconnection than households with both a home and mobile phone. Households may also change their patterns of home ownership in response to difficulties – 12.4% of people who only had a mobile also had money owing on an overdue home phone bill, and this proportion rose considerably among some groups highly dependent on mobiles – 22.3% of participants on Parenting Payment Single, 25.2% of single parent households and 18.9% of participants on Newstart Allowance had overdue home phone bills. This suggests that households getting into difficulty with their home phone might be switching to mobile phones to better contain costs, perhaps through the use of pre-paid credit.

Payment methods: Among mobile phone customers, the preference was for pre-paid mobiles – 85.4% of participants who had a mobile had a pre-paid mobile and just 10.8% were on a standard mobile phone contract. The three groups discussed above (participants on the single parents' pension, single parent households and participants on Newstart Allowance) all had higher than average levels of reliance on

The rate of disconnection among pre-paid mobile phone customers was the same as for customers on standard accounts.

The high proportion of overdue mobile phone bills among people using standard billing arrangements suggests that mobile phone call costs were not affordable for participants.

pre-paid credit, at 89.6%, 90.0% and 91.4% respectively. Table 21 considers the mobile-phone related indicators from Table 20, but compares them across mobile phone payment methods.

Table 21.
Percentage of participants reporting difficulties with mobile phone costs by mobile phone payment method

Indicator of difficulty with mobile phone costs	Participant's payment method for mobile phone (%)	
	Pre-paid	Standard account
Mobile phone bills are a big problem for household	10.3	33.3*
Household owes money on an overdue mobile phone bill	8.2	55.9
Household had telephone disconnected in previous year due to a shortage of money	40.4	39.4*

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Table 21 confirms that pre-paid credit minimises the risk that a household will get into difficulty with mobile phone costs or be in arrears with mobile phone charges. However, the rate of disconnections was the same, regardless of payment method, suggesting that pre-paid credit does not prevent customers from being unable to afford to have their telephone connected (a pre-paid phone without credit is effectively a disconnected phone). Although 92% of respondents to the Tasmanian Community Survey who had mobile phones reported that they had enough credit on their phone to make a call out, this proportion fell to 86% of Health Care Card holders and to 71% of Health Care Card holders who only had a mobile phone (Madden & Law 2005, p. 12).

In the current survey, 8.2% of pre-paid customers owed money on an overdue mobile phone bill. A possible explanation is that they had switched to pre-paid credit after running into difficulties with their original payment method.

The fact that over half of the participants using standard accounts to pay their mobile costs had overdue mobile phone bills suggests that when people are not using pre-paid phones they are unable to afford mobile phone call costs. This raises the question of whether people are really able to afford the credit to recharge their mobile phone account. Ownership of a pre-paid mobile phone does not necessarily equate

Difficulties with telephone bills are associated with a much higher rate of hardship.

to the ability to make calls. This is worth exploring in further research as, with the marked reduction in public telephones following a decision by Telstra in 2006 to consider the removal of up to 5000 'loss-making' public phones (Moffatt 2006), a person relying solely on a pre-paid mobile phone but with no credit on that phone has few means of telephone contact with friends, family, employers and service providers.

A further issue is the shift to government service delivery via call centres; a person with a pre-paid mobile could easily use up a large amount of credit waiting in a call centre queue and then run out of credit once the phone is answered. People with standard billing arrangements could also incur significant debts in call centre queues due to time-based call charges.

There is also evidence from the survey that participants who did experience difficulties with telephone costs ran a greatly increased risk of financial hardship. Table 22 looks at the proportions of participants who reported difficulty with phone costs who also reported that they had experienced hardship.

Table 22.
Percentage of participants reporting that their household experienced financial hardship by type of difficulty with telephone costs

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	ALL (%)	Type of difficulty with telephone costs reported by participant (%)			
		Home phone bills are a big problem	Mobile phone bills are a big problem	Overdue home phone bill	Overdue mobile phone bill
Could not pay electricity or phone or gas bill	67.9	88.7	89.2	84.1	89.6
Could not pay rent or home loan	47.9	54.3	66.7	54.9	62.2
Pawned or sold something	64.6	72.3	75.0	73.2	72.1
Went without meals	75.1	83.0	86.1	74.7	85.1
Unable to heat your home	57.4	56.5	79.4	56.3	54.3
Had the phone disconnected	40.8	69.4	72.4	64.3	62.2
Had the power off	28.3	38.6	55.2	32.5	33.3*

** Estimate has a relative standard error of 25-50% and should be treated with caution.*

Table 22 indicates that difficulties with telephone bills are clearly associated with higher rates of hardship on almost all the indicators used in the survey. This is particularly – although not unexpectedly – the case with difficulties paying utilities bills and telephone disconnections, but participants also reported above average and in some cases well above average levels of difficulty with paying rent, pawning or selling possessions, missing meals and electricity disconnections. The highest rates of hardship on these other indicators were reported by people reporting problems with mobile phone bills, especially by people who described mobile phone bills as a big problem for their household.

Anecdotal evidence from service providers is that mobile phone contracts cause considerable difficulty, especially among younger clients. However, the younger participants in this survey mainly used pre-paid credit – 91.7% of people aged 24 and under and 87.5% of Youth Allowees used a pre-paid mobile. The number of survey participants on standard contracts is too small to obtain any reliable data to assess whether they are experiencing disproportionately high levels of difficulty.

Telephones and hardship: As the comment from Engels, Nissim and Landvogt at the beginning of this section pointed out, telephones are not always regarded as an essential utility. They are consequently in danger of becoming the forgotten utility.

Telstra has been designated by the Australian Government as responsible for providing certain concessional services to people on low incomes. However, none of these services address the overall affordability of standard telephone services and none apply to mobile phones.

The Australian telecommunications industry is now open to full competition and the former government-owned provider, Telstra, is now a private company, but the Minister for Communications, Information Technology and the Arts has determined that Telstra is the 'primary universal service provider' and is therefore responsible for fulfilling the 'universal service obligation' throughout Australia. This obligation 'is designed to ensure that all people in Australia, no matter where they live or conduct business, have reasonable access, on an equitable basis, to standard telephone services; payphones; and prescribed carriage services' (Telstra 2005, p. 3). Telstra's universal service obligation policy states that '[a]ny attempt to describe reasonable access … must take account of those situations in which a normal carrier would not consider the net cost of supply to be excessive in the circumstances and where the standard telephone service could reasonably be supplied in an effective, efficient and economic way' (Telstra 2005, p. 5). In other words, 'reasonable access' includes consideration of the cost Telstra incurs in providing the service.

In addition to its universal service obligation, Telstra also provides a large range of products designed for people on low incomes or in hardship under its 'Access for everyone' program (Telstra 2008). These services are community service obligations which have been legally applied to Telstra by the Government and Telstra is the only telecommunications provider required to offer them. The program is worth about

$35 million per annum (Spark & Cannon 2007, p. 21). Telstra funds 'Access for everyone' itself from its own resources (Eardley, Bruce & Goggin 2009, p. 1).

'Access for everyone' products, as detailed in the program brochure (Telstra 2008), include flexible billing options such Telstra EasyPay, which allows customers to make payments in advance against their bill, Telstra EasyPay Fixed, which allows customers to pay off a fixed amount of $20 or more on a fortnightly or monthly basis, and regular deductions from income support payments through Centrepay. There is also a Pre-Paid Home service which allows users to purchase credit in advance. Once credit runs out, users have 25 days to purchase more credit before their phone is disconnected. Telstra also undertakes to arrange payment plans with customers who are having difficulty paying their bills.

As well as billing options, there are a number of 'budget' products available. HomeLine Budget is aimed at people who do not make many outgoing calls and offers a lower monthly line rental but slightly higher call costs. InContact has no monthly line rental charges but only permits outgoing calls to a limited set of numbers. Telstra MessageBox is a voicemail service; messages can be retrieved for free from landlines or payphones, but at standard rates from mobile phones.

Pensioners can be eligible for a discount on the connection fee for a home phone, provided the phone has not been disconnected due to non-payment, and to a monthly call discount on certain home phone packages. Specialised telephone equipment is available at the same rate as standard equipment to customers who are unable to use standard telephones due to a disability.

Finally, Telstra offers a Bill Assistance Program and Phonecard/PhoneAway Assistance Program. Under the Bill Assistance Program, Telstra Bill Assistance Certificates are distributed to emergency relief providers. These certificates can then be provided to clients who are experiencing financial difficulties and are unable to pay their Telstra home phone bill. The Phonecard/PhoneAway program similarly provides, via emergency relief providers, phone cards for use on public telephones and is designed for people who rely on public telephones but are unable to afford the cost of calls.

However, despite the comprehensive nature of this list, none of these options really address the issue of whether or not standard telephone products are affordable for low income earners and none of them have much application for people who use mobile phones (Eardley, Bruce & Goggin 2009, p. 16). It is too easy to assume that because the option of pre-paid credit prevents people from getting into mobile phone debt, all hardship problems are solved. If people cannot afford to put credit on their mobile phone, then they are in effect disconnected from the outside world for all but emergency calls. As Eardley, Bruce and Goggin (2009, p. iv) comment, 'affordability continues to be a crucial and relatively neglected area of telecommunications. Access to telecommunications has become more, not less, central to social participation, so its affordability has increasingly direct, rather than indirect, implications for social exclusion and inclusion'.

3.3.8. The impact of debt

Key findings

- Nearly a third (29.4%) of participants reported that their household had three or more debts.
- These debts did not include debts to Centrelink, but the likelihood that a household would also be repaying either a Centrelink overpayment or an advance payment increased with the number of debts the household had.
- The participants most likely to have more debts were older people, home buyers and people on the Disability Support Pension. Younger people reported the fewest problems with debt repayments.
- The most common types of debt were overdue bills, money owed to friends or family and money owed to non-mainstream lenders, which would include 'payday lenders', car finance providers and other fringe lenders.
- There was a clear link between increasing numbers of debts and increasing levels of hardship and financial difficulty.

Low income earners usually go into debt in order to cover the cost of essentials.

What does debt mean for low income earners?: First of all, why do low income earners borrow? A survey exploring the reasons that people borrow from fringe lenders identified that the main purposes of the loans were car repairs (for 22% of survey respondents), utility bills (21%), food or other essential expenses (17.6%) and rent (10.7%); less than 5% were for a lasting item or for a one-off purchase that did not necessarily involve financial hardship, such as a holiday (Consumer Action Law Centre, cited in Hughes 2009, p. 15). Low income earners are not borrowing to fund luxuries: they are borrowing to cover the costs of transport, warmth, communication, food and housing. A focus group of financial counsellors in Victoria identified a number of factors influencing client presentation, many of which were related to debt or to clients' vulnerability to debt. They included an increase in the availability of consumer credit combined with pressure to consume, casualisation of the workforce, a growth in retail competition where attractive inducements to switch providers could hide an increase in costs, inappropriate approval of loans and credit by commission-based mortgage brokers and credit company employees under pressure to make sales, the growing complexity of financial products, the impact of inadequate support services for people with a mental illness, the impact of addiction, including gambling addiction, and inadequate incomes, particularly income support payments, which forced people into desperate borrowing and poor decisions (Neilson 2007, pp. 4-5).

Debt repayments impose a severe burden on people who already have restricted incomes.

A core characteristic of debt for low income earners is the severe consequences of debt repayments. As TasCOSS has found, '[l]iving on an income that is inadequate to provide for the necessities of life means that people either go without or get into debt. … Getting into debt, of course, means even further reduced disposable income for some time in the future'. This is the case regardless of the source of the loan – even low or no interest loans such as Centrelink advance payments or money borrowed from family or friends mean 'further sacrifices on an already stretched budget' (TasCOSS 2009a, pp. 15, 31). People do not necessarily have to have debts of high value to be in difficulty: in the first report from a four year study of financial counselling case files in New South Wales, Griffiths and Renwick (2001, p. 32) argued that, 'it is not necessarily the absolute amount of debt, but rather the debt level of clients relative to their capacity to support repayments from a regular income that may have led to [their] overcommitment problems'. In fact, in that four year study, there was no evidence to suggest that the financial counselling clients involved made excessive use of credit compared to the general population: the average amount of debt among clients grew by 20% between 2000 and 2003, but in the same period in Australia, housing and other debt grew by a combined total of 47% (Griffiths 2004, p. 47). The central issue is that of capacity to repay.

How indebted were participants?: The participants in this survey were asked to indicate if their household had any debts by ticking which debts they had out of a list of 11 common debts and then having the option of listing any other debts they had. There appears to have been a degree of under-reporting of debt commitments as 19.0%* of those who said they had no debts also said that loan repayments were a problem for their household.

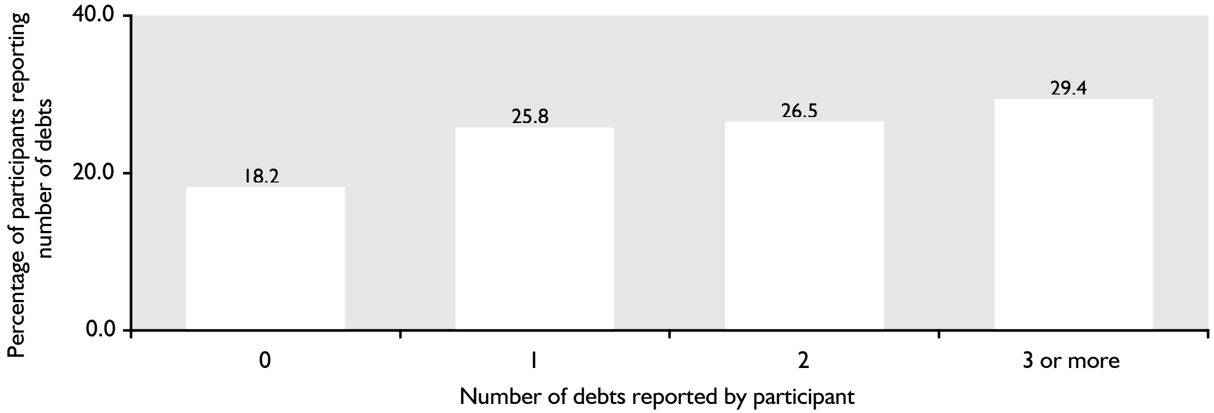
Nearly a third of participants reported having three or more debts.

Most participants reported having only a small number of debts or no debts at all, but, as shown in Figure

* Estimate has a relative standard error of 25-50% and should be used with caution.

12, nearly a third reported having three debts or more. Of these households, half (52.1%) had four debts or more and a quarter (25.6%) had five or more.

Figure 12.
Number of debts reported by participants



The proportion of participants reporting that loan repayments were a big problem for their household also increased with the number of debts reported by the household. More than half (55.8%) of those who described loan repayments as a big problem had three or more debts and 23.3% had five or more debts.

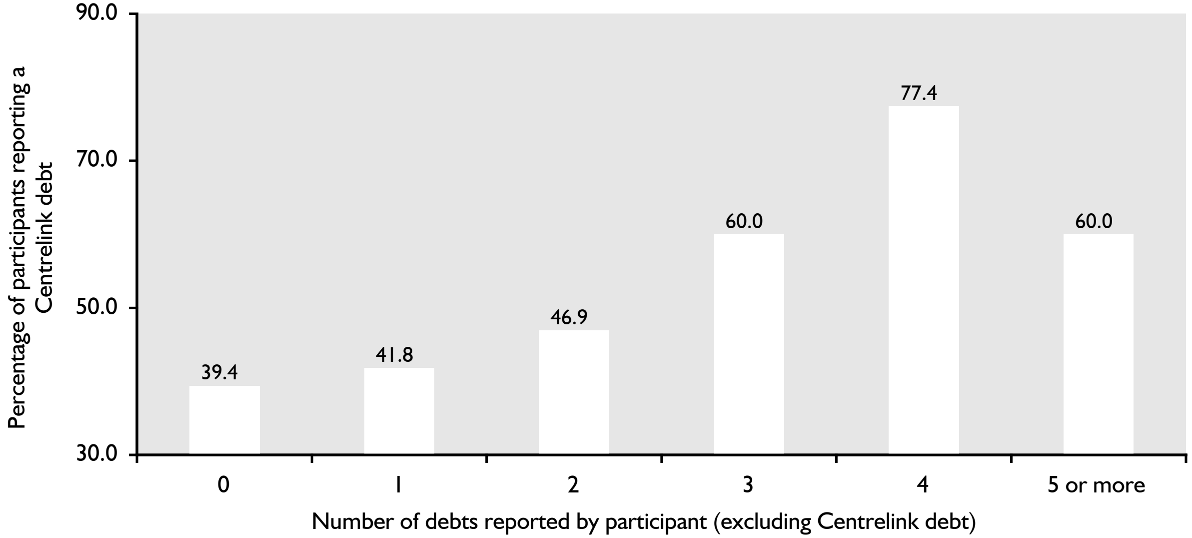
Older people, home buyers and people on the Disability Support Pension were the most likely to have three or more debts.

Among the 29.4% of households which had three or more debts, the most noticeably over-represented groups were older people (36.0% of people aged 45 and over and 34.0% of people aged 35-44 had three or more debts), home-buyers (67.9%) and people on the Disability Support Pension (34.0%). Young people seemed to be experiencing the fewest problems with debt – only 18.4% of those aged 24 or under had three or more debts and only 28.4% said loan repayments were a problem for their household, compared to 42.7% of all participants.

The more debts a participant had, the more likely it was that they were also repaying a loan or debt to Centrelink.

Centrelink debt: A considerable number of participants were also repaying loans or debts to Centrelink. This information was collected and recorded separately on the survey form and, partly because of this and partly because they represent a separate policy issue, Centrelink debts are not included in Figure 12 above. However, two fifths (39.4%) of participants who otherwise had no debts did have a Centrelink-related debt (including advance repayments, debt repayments and breaches) and, as shown in Figure 13, the proportion reporting Centrelink-related debts increased with the number of other debts reported.

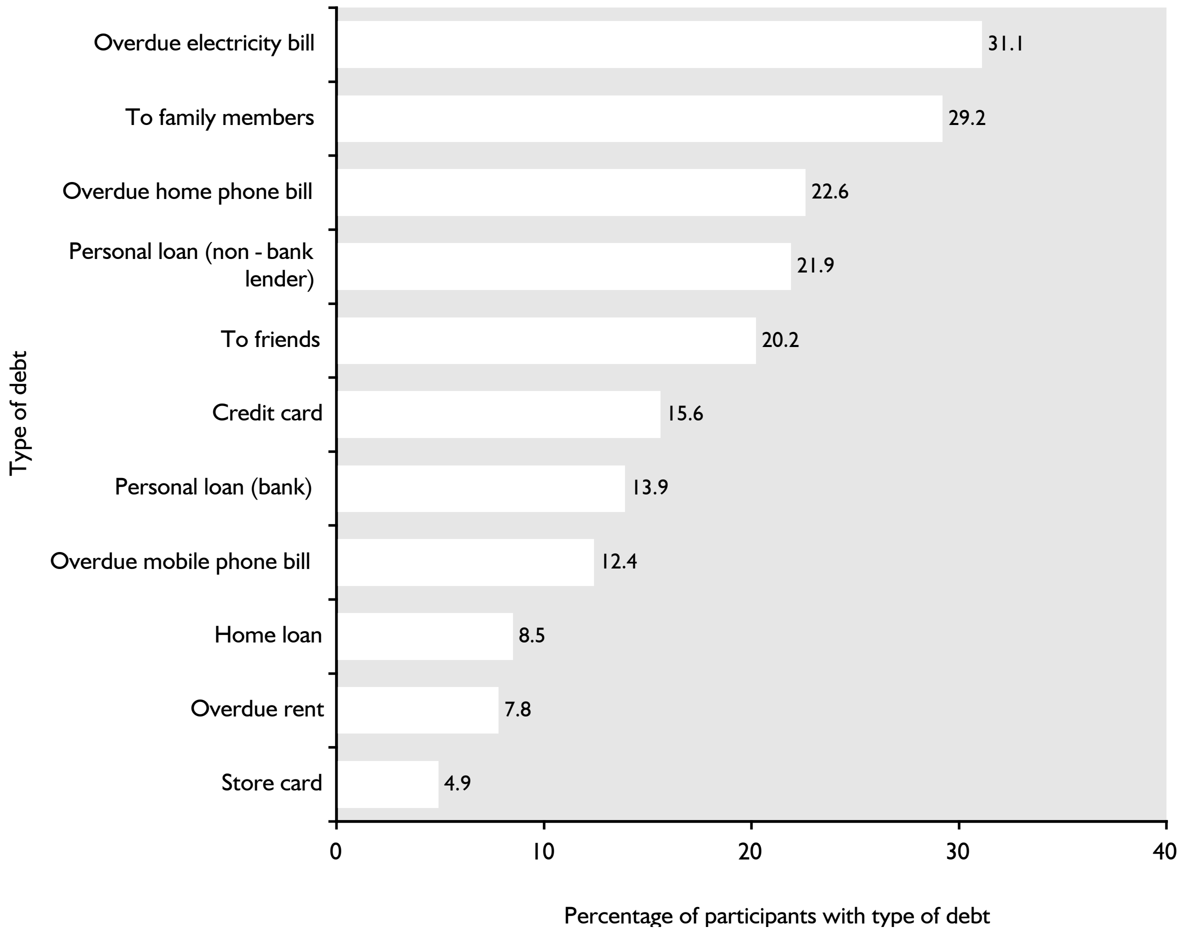
Figure 13.
Participants reporting a Centrelink debt by number of non-Centrelink related debts also reported by participant



The most common debts reported by participants were overdue bills, money owed to friends and family and money owed to non-bank lenders, which would include 'payday lenders', car finance companies and other fringe lenders.

Types of debt: The exclusion of income support recipients from mainstream financial products is reflected in Figure 14 below, which shows the types of debts reported by participants. The most common are overdue bills, money owed to friends and family and money owed to non-mainstream lenders (this would include 'payday lenders', car finance and other fringe lending products). This varies slightly from other research on the nature of debt: a study of financial counselling clients in New South Wales found that few clients reported borrowing from friends and associates (Griffiths 2004, p. 51).

Figure 14.
Types of debt reported by participants



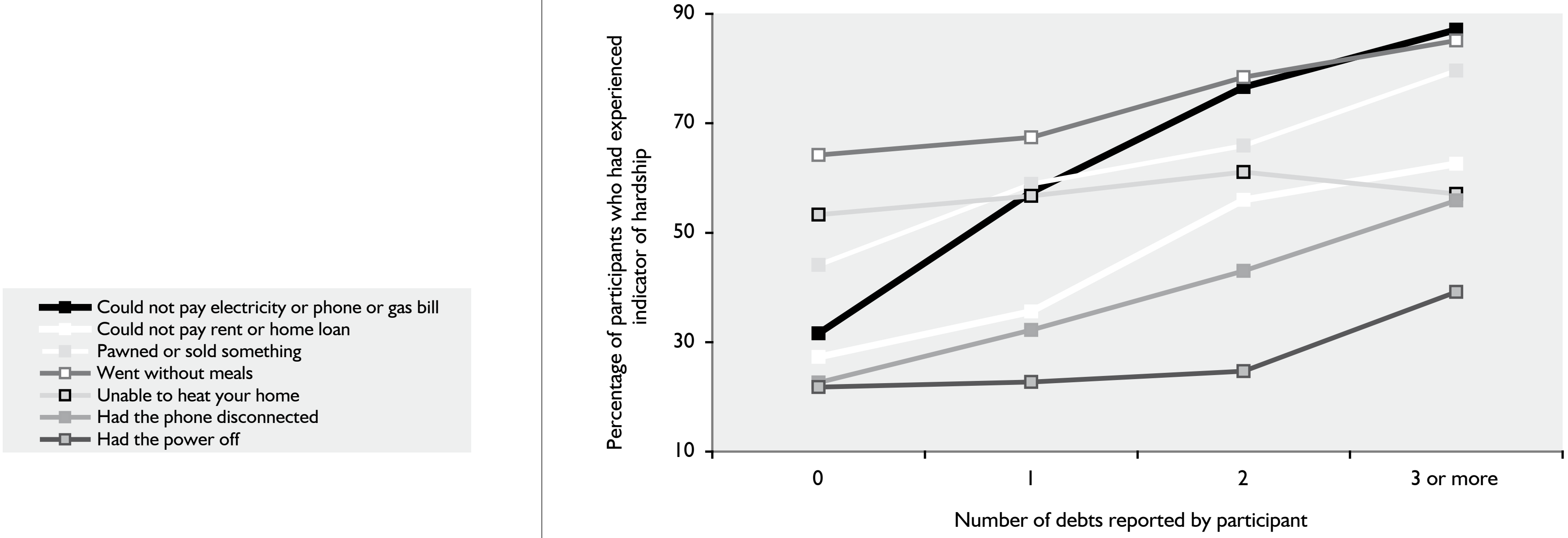
Note: *Percentages add to greater than 100% as participants could select more than one type of debt.*

A small number of participants nominated 'other' debts and of these, half were for court fines.

The low level of reported housing debts (both home loans and overdue rent) could be due to a number of factors. Firstly, only a small number of participants had mortgages. Secondly, in relation to rent, Housing Tasmania and increasingly, some private landlords, are promoting the use of automatic deductions to pay rent. For example, Housing Tasmania offers tenants the Rent Deduction Scheme, 'the easiest way to ensure your rent is paid', and Centrepay as options for ensuring their rent is paid on time or in advance (Housing Tasmania 2007a). The Australian Government is in fact moving to mandate compulsory deduction of rent from income support payments for all public housing tenants as part of its anti-homelessness strategy (Australian Government 2008, p. 26). The use of Centrepay means that rental payments are automatically deducted from the tenant's income support payment prior to them receiving it. This limits the risk of arrears by ensuring rent is always paid and paid first, but it may result in rent being prioritised ahead of items such as food.

Debt and hardship: There is also a clear link between increasing numbers of debts and increasing hardship, as illustrated in Figure 15 below.

Figure 15. [29]
Percentage of participants reporting that their household experienced financial hardship by number of debts



[29] Values for Figure 15 are as follows:

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	Number of debts reported by participant (%) 0	1	2	3 or more
Could not pay electricity or phone or gas bill	31.6	57.4	76.6	87.1
Could not pay rent or home loan	27.3*	35.6	56.0	62.6
Pawned or sold something	44.1	58.9	65.9	79.6
Went without meals	64.2	67.4	78.4	85.1
Unable to heat your home	53.3	56.7	61.1	57.1
Had the phone disconnected	22.6*	32.2	43.0	55.9
Had the power off	21.8*	22.7	24.7	39.2

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Not only was increasing indebtedness associated with a greater risk of hardship, but it was also linked to other indicators of financial difficulty. A third (36.0%) of people who said that they had no debts also described three or more expenses as big problems for their household, but this increased to 79.3% among people who said that they had three or more debts. Those who had three or more debts were also more likely than people without debts to say that their household had financial problems regularly or always: 58.1% compared to 41.7%.

Many Tasmanians would have the kinds of 'everyday' debts reported by participants – home loans, personal loans or credit card debt. Many would have overdue utilities bills (although the reason for the bill being overdue may be oversight rather than a shortage of money). Many would borrow money from family or friends every now and then to meet unexpected costs or fund larger purchases. But what the findings in this section most clearly demonstrate is that for the participants in this survey, even an 'everyday' debt is associated with an increased rate of hardship in a range of basic areas.

'Affordable' debt: The Government's Financial Management Program guidelines place considerable emphasis on the risks posed by 'short term, high interest credit sources' and the importance of financial literacy in assisting people to avoid these risks (FAHCSIA 2009e, p. 5). However, participants in this survey were not just experiencing difficulty with fringe lending products. Repayment schedules for overdue bills and money owing to family and friends were just as burdensome. There is a risk that focussing exclusively on fringe lending and exclusion from mainstream financial products as the source of low income earners' difficulties with debt will lead to the assumption that providing other forms of credit that are less exploitative and more affordable is the only answer. This may in turn lead to unintended consequences for some consumers. The Australian Government has allocated $50 million in 2009-10 and 2010-11 to support 'projects such as no interest loans that provide *safe and affordable* credit' (FAHCSIA 2009e, p. 2, emphasis added). Section 3.4.2 of this report however discusses one form of no interest loan, the Centrelink advance payment, and indicates that, at least for the participants in this survey, even this form of credit may not be affordable.

3.3.9. The cost of healthcare

Key findings

- A quarter (26.1%) of participants said that the cost of prescriptions was a big problem for their household and a fifth (21.2%) said that the cost of medical appointments was a big problem. The level of difficulty with these expenses increased in households where someone had a medical condition or disability.
- Older participants were more likely than younger participants to report problems with health-related costs, but people aged 35-44 experienced the greatest difficulty.
- Participants with children were also more likely to have problems with health-related costs, especially those with larger families.

Households where there was someone with a health problem were disproportionately likely to report difficulties with medical costs.

Medical costs and medical problems: In the analysis of the ratings given to different types of expenses, there were conflicting findings on the cost of prescriptions and medical appointments. Although large minorities described these costs as big problems for their household (26.1% said that prescription costs were a big problem and 21.2% said that the cost of medical appointments were a big problem), a greater proportion of people said that these costs were not a problem – 33.0% said prescription costs were not a problem and 36.2% said the cost of medical appointments was not a problem.

This discrepancy probably arises because these costs only become an issue for households which incur them regularly, such as households where someone has a health problem or a disability. Table 23 shows the degree to which all participants reported problems with medical costs and compares it to the degree to which households affected by a health-related issue reported problems.

Table 23.
Proportion of participants reporting problems with medical costs by health-related issue

Expense type and level of difficulty caused by expense		ALL (%)	Issue experienced by participant or someone in their household in previous year (%)			
			Mental illness	Disability	Serious illness	Leaving hospital
Prescriptions	A problem	52.7	69.5	63.0	73.5	58.9
	A big problem	26.1	32.8	38.0	44.6	31.5
Medical appointments	A problem	43.8	55.4	55.4	60.8	50.0
	A big problem	21.2	24.8	30.7	38.0	31.4

Table 23 shows that participants living in households where, in the previous year, someone had experienced a mental illness, disability or serious illness or had left hospital were consistently more likely than participants on average to nominate prescription or medical appointment costs as being a problem or a big problem for their household. The people experiencing the greatest difficulty with health-related costs were people with a serious illness that was not a disability or mental health problem.

Age: Older people may also incur additional health-related costs due to the fact that the incidence of many chronic conditions increases with age (DCAC 2007, p. 21). Table 24 considers the level of difficulty with health-related costs reported by people of different ages.

Participants aged 35-44 reported the most difficulties with health-related costs, followed by people aged 45 and over.

Tasmania's health status is poor when compared to other states and a major cause of this is its higher rates of poverty and disadvantage.

Table 24.
Percentage of participants reporting problems with medical costs by age group

Expense type and level of difficulty caused by expense		ALL (%)	Age group of participant (%) 24 years or younger	25-34 years	35-44 years	45 years or older
Prescriptions	A problem	52.7	30.8	46.7	68.5	62.5
	A big problem	26.1	9.0*	19.6	37.1	36.3
Medical appointments	A problem	43.8	24.7	39.8	55.2	55.1
	A big problem	21.2	6.5*	15.5	34.5	25.6

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Table 24 indicates that although participants in the oldest age group considered, those aged 45 and over, had higher than average difficulties with health-related costs, participants aged 35-44 experienced even greater difficulties. As noted in section 3.3, participants in this age group did experience the greatest difficulties of any age group with multiple expenses – 45.3% described five or more expenses as big problems for their household – and seemed to be experiencing pressure across almost all aspects of their household budget.

Access to healthcare in Tasmania: The State Government's primary health services plan claims that Tasmania is 'in the midst of a chronic disease epidemic', with Tasmanians' health 'deteriorating at a rate worse than other States' (DHHS 2007, p.11). The Director of Public Health's most recent report to Parliament is less dramatic, stating that while Tasmania's health status 'is the best it has ever been … [t]here are also strong indications of difficult times ahead' (Taylor 2008, p. 1).

Tasmania performs very poorly on national health indicators. It has higher than average rates of death from heart disease, cancer, diabetes, asthma and arthritis, higher than average smoking rates, the second-highest suicide rate in the country and lower than average life expectancy, as well as longer than average waiting lists and waiting times for public dental care and elective surgery, and below average Medicare bulk-billing rates and private health insurance coverage (TasCOSS 2007, p. 10).

The Director of Public Health's report found that there is a strong connection between lower socio-economic status and poor health, chronic health problems and a greater dependence on health care. These health inequalities then compound and lead to further disadvantage. Tasmania's poor performance on health indicators when compared to national averages is 'largely determined by the cumulative effect of socioeconomic and demographic factors, rather than by the quality of Tasmanian hospitals and health care system, or matters such as the length of our elective surgery waiting lists'. The report recommended that the Government 'develop and implement explicit processes … to incorporate "equity impact assessment" into the consideration of major new interventions or policy proposals' in order to avoid exacerbating health inequities (Taylor 2008, pp. 1, 16, 34).

Australia's universal health care system, Medicare, was established in 1984 to provide Australians with 'affordable, accessible and high-quality health care' (Medicare Australia 2009a). The Pharmaceutical Benefits Scheme promotes itself as 'providing all Australians with affordable access to over 2600 brands of prescription medicine' (Medicare Australia 2009b). Yet the findings of this survey suggest that for some people, including those most in need, neither health care nor prescription medicines are affordable.

3.3.10. The cost of water

Key findings

- A considerable minority (14.3%) of participants said that the cost of water was a problem for their household. This is striking given that the survey was conducted prior to the introduction of the State Government's water and sewerage reforms.
- Four fifths (80.0%) of these households live in municipalities where water usage is charged for on a metered basis.

The cost of water was a problem for 14.3% of participants.

A considerable minority of participants (14.3%) said that the cost of water was a problem for their household. Water was included in the list of expenses in the survey because it was thought it might be possible to capture data about the impact of drought on rural households – that is, those households reliant on tank water, which, due to the drought, may be needing to purchase water to fill their tanks instead of relying on rainfall. However, those households identifying water costs as a problem did not appear to be disproportionately from rural areas.

It appears that those households reporting problems with the cost of water were living in municipalities which charge for water usage on a metered basis.

Tasmania's water and sewerage sector is currently undergoing considerable reform which is likely to result in significant price increases.

An analysis of the postcodes of those participants identifying water as a problem found that four fifths (80.0%) of the participants experiencing problems were living within municipalities which charge for water usage on a metered basis.[30] They were also slightly more likely than all participants to be living in private rental properties (50.0% compared to 44.8%), and those who were not privately renting tended to be either home buyers or outright owners (31.8%*).

Section 17(3)(b) in Tasmanian's *Residential Tenancy Act 1997* allows private landlords to require from tenants 'a water consumption charge if the residential premises are equipped with a device that calculates the amount of water used at those premises'. The water consumption charge referred to is defined as 'an amount levied on an owner by a council for water consumed by an occupant of residential premises that is calculated as a fee for each unit of water consumed' (s. 17(4)). Anecdotal evidence from services providers is that some landlords in areas where water meters are installed do exercise this right.

These findings are important because they relate to the period just prior to the introduction of extensive reforms to Tasmania's water and sewerage sector, which include the corporatisation of existing services and their transformation into three new regional corporations. The reforms were triggered by a review of Tasmania's water and sewerage sector in 2006 which identified considerable deficiencies in the state's water and sewerage infrastructure and in particular, a capital works backlog totalling some $1 billion over the coming decade. Further analysis of water and sewerage pricing identified that commercial rates of return on the infrastructure were not being earned, which meant that councils were unable to borrow funds to meet the cost of the infrastructure upgrades required. As a result, structural reforms are currently being implemented which will incorporate, among other elements, a move to two-part pricing and full cost recovery, with prices set by the independent Economic Regulator. A three year transition period, from 2009-10 to 2011-12, applies, during which maximum price increases will be set by the Treasurer, before independent regulation of prices is introduced (OTTER 2009c, pp. iii-iv, 79). The Interim Price Order issued by the Treasurer set a maximum price increase of 10% for each of the three

[30] Municipalities that apply a meter-based usage charge were taken from the Office of the Economic Regulator's 2007-08 state of the industry report for water and sewerage (OTTER 2009c, p. 81), noting that some councils are fully metered and some are only partially metered. Those that are partially metered were treated as metered for the purpose of this report. Whether participants lived in metered areas was determined by cross-checking postcodes, municipalities and metered municipalities. A number of postcodes were related to multiple municipalities. In this case, a reasonable judgement was made based on which municipality or municipalities most featured the postcode and the degree to which those municipalities were metered. The postcodes affected were 7030 (classified as metered), 7140 (classified as not metered), 7215 (classified as partially metered), 7250 (classified as partially metered), 7252 (classified as metered) and 7310 (classified as partially metered).

* Estimate has a relative standard error of 25-50% and should be used with caution.

Lack of income is one of the main reasons why households experience financial crisis.

years in the transition period, although the State Government has since reduced the annual increase to 5% (Bartlett 2009b). However, analysis by the Office of the Economic Regulator indicates that even with annual increases of 10% none of the three new corporations would have achieved full cost recovery by the end of the transition period (OTTER 2008c, p. xiv), suggesting that prices will need to rise considerably from 1 July 2012.

A concession on water and sewerage costs will be granted to people with concession cards including Pensioner Concession and Health Care Card holders. The Local Government Association of Tasmania opposed the State Government's original intention that councils fund the concessions, and instead, the State Government has agreed to fund the full cost of providing the concession (Bartlett 2009c; Stedman 2009a). According to Treasury, the concession was 'derived through analysis of the existing concession arrangements for water and sewerage provision in other jurisdictions, concessions in other sectors and analysis of the price rises that are required to move the sector to a sustainable footing. It also had reference to the implicit concession for water and sewerage rates provided under the current overall pensioner rate remission' (Department of Treasury and Finance 2009, p. 6). This methodology does not appear to include explicit attention to the issue of ensuring affordability for low income earners.

3.4. Lack of income

Although there are a range of reasons why a household might fall into financial crisis, lack of income is one of the main contributing factors. A fifth (20.1%) of participants in the recent Victorian survey of emergency relief clients said that lack of money was their main reason for seeking emergency relief, second only to the cost of food (at 39.6%) (Engels, Nissim & Landvogt 2009, p. 55). A study of food insecurity in Sydney found that of those participants who were food insecure, 89.0% said that the main reason for this was not having enough money (Babbington & Donato-Hunt 2007, p. 32). Lack of money also emerged as a trigger for needing assistance in focus groups with emergency relief clients in Sydney (King et al. 2009, p. 34) and was identified as a driver of demand for financial counselling services in Victoria (Neilson 2007, p. 4).

Analysis by the Brotherhood of St Laurence for the quarter ending March 2007 identified that overwhelmingly, households dependent on income support payments live below the Henderson Poverty Line. The analysis considered 20 different household types and identified only two, couples dependent on the Disability Support Pension and couples dependent on the Age Pension, which would be living above the poverty line. All other households would be living below the poverty line, with the shortfall ranging from $13.92 for a single parent with one child who was not in the labour force to $178.11 for a single person aged 16-17 who was in the labour force (Brotherhood of St Laurence 2007, p. 1). 'In the labour force' was defined as 'everyone who is either employed or officially unemployed (i.e. in work or looking for work)'. It is worth noting, as the Brotherhood does, that the Henderson Poverty Line represents 'a very basic living standard' (Brotherhood of St Laurence 2007, p. 2).

Given that almost 95% of participants in this survey were dependent on income support payments, it is highly likely that for this group of people in particular, lack of income is a critical issue shaping their experience of financial crisis and hardship.

3.4.1. Length of time on income support

Key findings

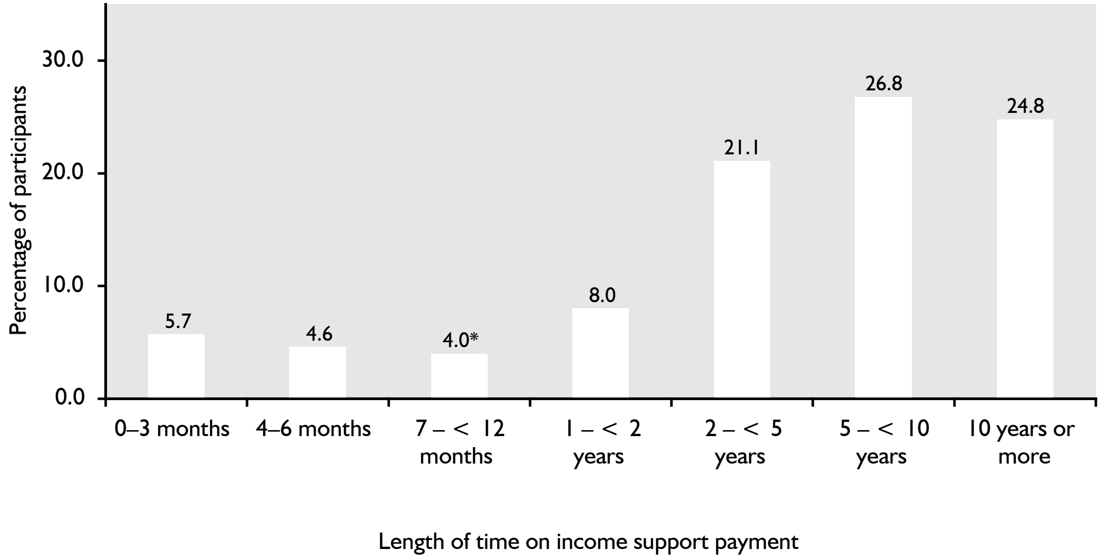
- Almost three quarters (72.6%) of the participants had been receiving their main income support payment for two or more years, and a quarter (24.8%) had been on income support for 10 years or more.
- Participants on the Disability Support Pension were most likely to have been on income support for very long periods, with 41.1% on income support for 10 years or more. Participants on Newstart Allowance were more likely to have been on income support for shorter periods but 16.5%* of Newstart Allowees had been on income support for 10 years or more.
- There is not a clear link between long-term receipt of income support and experiences of hardship. It is likely that other factors are also important.

Nearly three quarters of participants on income support had been on their payment for more than two years and a quarter had been on income support for over a decade.

Not only were the participants in this survey overwhelmingly dependent on income support payments, but they had been dependent on them for considerable periods. As Figure 16 demonstrates, of those participants on income support, almost three quarters (72.6%) had been on income support for two or more years and a quarter (24.8%) had been on income support for over a decade.

* Estimate has a relative standard error of 25-50% and should be used with caution.

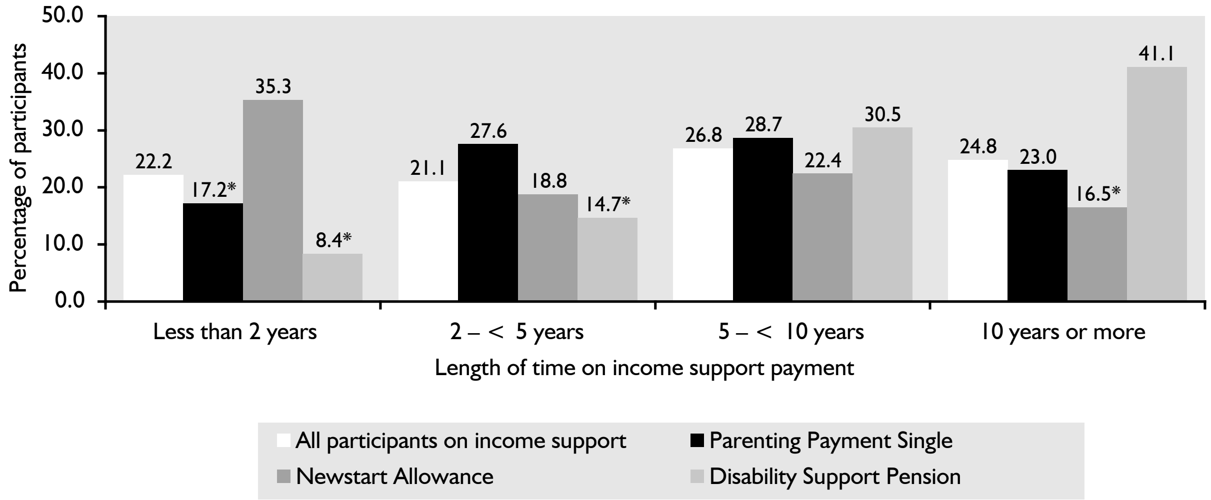
Figure 16.
Length of time participants had been receiving their main income support payment



** Estimate has a relative standard error of 25-50% and should be used with caution.*
Note: *Percentages do not add to 100 because a small number of participants answered that they did not know how long they had been on their income support payment.*

Payment types: Participants on different income support payments demonstrated different patterns of dependence on income support, as Figure 17 indicates.

Figure 17.
Length of time participants had been receiving their main income support payment by payment type



** Estimate has a relative standard error of 25-50% and should be used with caution.*

The length of time a participant had been on income support seems to be related to the type of payment they were receiving.

As Figure 17 indicates, participants on the Disability Support Pension were most likely to have been on income support for very long periods: 71.6% had been on income support for at least five years and 41.1% had been on income support for 10 years or more. Participants on Parenting Payment Single were most likely to have been on income support for 'middling' periods – 56.3% had been on income support for between two and ten years, although nearly a quarter (23.0%) had been on income support for ten or more years.

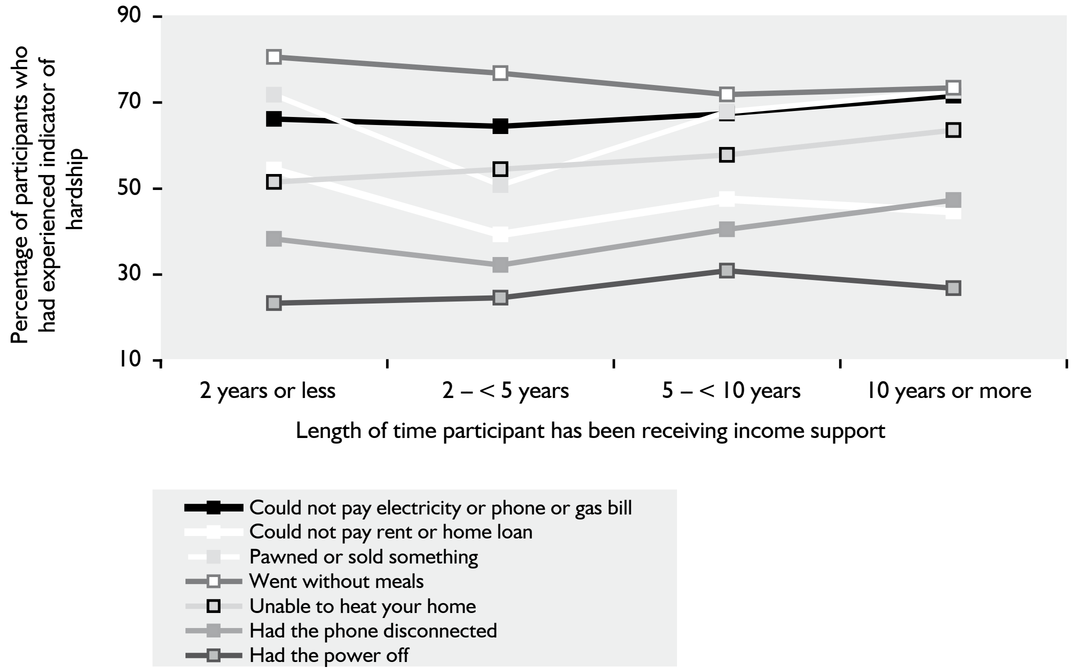
By contrast to single parent and disability pensioners, the length of time Newstart Allowees had been on income support tended to be shorter. Only 38.8% of Newstart Allowees had been on income support for five or more years and a quarter (25.9%) had been on income support for less than 12 months. However, even with this pattern of shorter-term dependence, more than half (57.6%) of Newstart Allowees had been on income support for two or more years.

There was no clear relationship between length of time spent on income support and the household's experience of financial hardship.

The three payment types considered in Table 16 have different requirements and conditions. They are also each granted in quite different circumstances. These circumstances, requirements and conditions are clearly very important in shaping the length of a person's dependence on income support, as the length of time spent on income support was clearly related to a participant's source of income: analysis found that the patterns of dependence among different age groups, men and women, different locations, different housing tenures and living arrangements and different family sizes was in general what would be expected given the types of payments participants in these groups were receiving.

Hardship: Given the very low incomes provided by income support payments (Brotherhood of St Laurence 2007), it would be reasonable to assume that the length of time a household has spent on income support would increase their level of financial hardship. However, Figure 18 and Table 25 below suggest that the link between long-term reliance on income support and financial difficulty is not straight forward. Figure 18 shows the relationship between financial hardship and the length of time the participant has been on income support, and Table 25 shows the relationship between length of time on income support and three additional indicators of financial difficulty.

Figure 18.[31]
Percentage of participants reporting that their household experienced financial hardship by length of time on main income support payment



[31] Values for Figure 18 are as follows:

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	Length of time participant has been on income support payment (%)			
	2 years or less	2-<5 years	5-<10 years	10 years or more
Could not pay electricity or phone or gas bill	66.2	64.5	67.4	71.6
Could not pay rent or home loan	54.4	39.3	47.5	44.6
Pawned or sold something	71.8	50.8	67.9	72.7
Went without meals	80.6	76.8	71.9	73.4
Unable to heat your home	51.5	54.5	57.8	63.6
Had the phone disconnected	38.3	32.2	40.5	47.3
Had the power off	23.3*	24.6*	30.9	26.8

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Table 25.
Percentage of participants reporting that their household experienced financial difficulty by length of time on main income support payment

Indicator of financial difficulty	Length of time participant has been on income support payment (%)			
	2 years or less	2-<5 years	5-<10 years	10 years or more
Three or more expenses described as a big problem for the household	53.8	50.0	62.8	50.6
Five or more expenses described as a big problem for the household	35.9	28.4	34.0	39.1
Household has financial problems regularly or always	48.7	38.4	53.3	58.1

Table 25 demonstrates that participants who had been on income support payments for longer periods generally experienced more frequent financial problems than those who had been on income support for shorter periods and overall, greater difficulties with multiple household expenses, although there was a break from this pattern in relation to participants who had been on income support for less than 12 months. Two thirds (68.0%) of the participants on income support for less than a year were on Youth Allowance and Newstart Allowance, both of which, as allowances, provide lower incomes than pensions such as the Disability Support Pension or Parenting Payment Single. However, as shown in Figure 18, there was no clear relationship between the length of time a participant had been dependent on income support and the level of financial hardship experienced by the household. There are other aspects of dependence on income support that may be just as critical: the amount of income provided, the conditions attached to the payment and the costs incurred in seeking to meet them, and the level of concessions and supplements provided to recipients of that payment. Long-term receipt of a fixed income adequate to an individual's needs may not create hardship; long-term receipt of a fixed income that does not provide enough to cover essentials is likely to increase hardship.

A person on income support may not receive their full payment if they are paying back a Centrelink advance payment or a debt to Centrelink or have had part or all of their payment withheld as the result of failing to meet a mutual obligation requirement.

3.4.2. Reduced rates of income support

Key findings

- Nearly half (49.7%) of the participants were on a reduced rate of their income support payment.
- Of those participants with partners, 41.3% said their partner was on a reduced rate, and for 32.5%, both were on a reduced rate.
- Well over half (56.2%) of participants on a reduced rate were paying back a Centrelink advance payment and a quarter (26.6%) were paying back a Centrelink debt. More than one in ten (13.0%) were on a reduced rate for more than one reason.
- Participants on Newstart Allowance were more likely to be on a reduced rate and much more likely than all participants to be paying back a debt to Centrelink.
- Participants on a reduced rate report much higher levels of hardship than participants who are not on a reduced rate, with participants repaying advances experiencing greater rates of hardship than participants repaying debts.

Advances, debts and breaches:[32] Survey participants were asked if they were on a reduced rate of their income support payment, and if so, whether this was due to the repayment of a Centrelink advance payment, repayment of a debt to Centrelink or a 'breach'.

Centrelink advance payments are available to recipients of specified income support payments, including the Disability Support and Age Pensions, Newstart and Youth Allowances, Parenting Payment, Austudy and Carer Payment, who have been receiving these payments for at least three months continuously. Only one advance payment is permitted each year (Centrelink 2009c). The amount advanced is between $250 and $500. For people on allowances, the maximum payment is the smallest of the following: the amount requested, 7% of the person's fortnightly income support payment multiplied by 26, or $500. For people on pensions, the maximum payment is the smallest of the amount requested, 6% of the person's fortnightly payment multiplied by 26, or $500 (Centrelink 2009i).

[32] In section 3.3.8, the term 'Centrelink debt' was used to refer collectively to advances, debts and breaches. In this section, 'debt' to Centrelink refers only to money owed to Centrelink as the result of an overpayment.

Half the survey participants were on a reduced rate of payment. Of these participants, just over half were paying back an advance payment and a quarter were paying back a debt.

Debts to Centrelink arise when a person owes money to Centrelink or Centrelink claims that money is owed. The most common reason for incurring a debt is an overpayment of a person's entitlement due to either their error or Centrelink's (Hughes 2008, p. 14).

Finally, 'breaches' are penalties imposed by Centrelink for failure to meet the participation requirements attached to receipt of certain income payments. These requirements can include attendance at appointments with Centrelink or employment services providers, completion of job-search diaries, training, Work for the Dole, attending job interviews and accepting offers of work. There are a number of different types of 'failures' which incur monetary penalties. A 'connection failure' is the failure to, for example, attend an appointment without a valid reason or a failure to complete a jobseeker diary and return it on time. A repeat of the 'connection failure', which does not incur a monetary penalty, is called a 'reconnection failure' and this results in the loss of payment from the day of failure until the failure is rectified (by, for example, attending a new appointment). A 'no show, no pay' failure applies to a failure to participate in a required activity or program, a failure to attend a job interview without a valid reason, or deliberate behaviour at a job interview which sabotages the chance of any offer of employment being made. A 'no show, no pay' failure results in a loss of payment for every day a jobseeker does not meet their requirements or every incident of missed attendance or poor behaviour at a job interview. Finally a 'serious failure' results from a failure to accept a suitable job offer or the jobseeker being found, following a 'comprehensive compliance assessment', to 'have been persistently not meeting [their] requirements'. A serious failure incurs a penalty of eight weeks' non-payment, which can be shortened if the jobseeker agrees to participate in a 'compliance activity' (Centrelink 2009k).

Reduced rates and the reasons for them: Half (49.7%) of the survey participants said that they were on a reduced rate of their income support payment. Of the participants who had partners, 41.3% said their partner was on a reduced rate, and for 32.5%, both were on a reduced rate. The reasons both participants and their partners were on a reduced rate are shown in Table 26.

Participants on Newstart Allowance, Aboriginal participants, participants with one or two children and participants aged 24 and under were the most likely to be on a reduced rate of payment.

Participants on Newstart Allowance were also more likely than other participants to be paying back a debt to Centrelink.

Table 26.
Reasons that participants and their partners (if applicable) are on a reduced rate of their income support payment

Reason for being on a reduced rate of income support payment	Percentage of participants (%)	Percentage of participants' partners (%)
Paying back Centrelink advance payment	56.2	60.0
Paying back Centrelink debt	26.6	26.7*
Breached by Centrelink	4.1*	**
On a reduced rate for more than one reason	13.0[a]	**

** Estimate has a relative standard error of 25-50% and should be used with caution.*
*** Estimate has a relative standard error of 50% and is considered too unreliable for general use.*
[a]This equates to 22 participants, 20 of whom were on a reduced rate because they were paying back both a Centrelink advance and a Centrelink debt. The other two were paying back an advance, a debt and serving a breach, and paying back an advance and serving a breach respectively.

Those participants most likely to be on a reduced rate of payment were people on Newstart Allowance (58.3%), Aboriginal people (56.6%), people with one or two children (57.1% and 69.6% respectively), and people aged 24 and under (54.8%). Youth Allowees and people living in share houses were also highly likely to be on a reduced rate (60.9%* and 68.2%* respectively), although these figures should be used carefully. The Welfare Rights Centre explored the issue of Centrelink debt among young people in a 2002 report and found that the inadequacy of Youth Allowance payment rates led to an extremely high level of dependence on advance payments, that Youth Allowees were very vulnerable to incurring Centrelink debts and that the use of penalties and breaches against young people was disproportionate and excessive (Welfare Rights Centre 2002, pp. 16-19, 21-24).

The survey participants who were least likely to be on a reduced rate were people on the Disability Support Pension (39.0%), public housing tenants (44.5%), people with no children (43.4%) or three or more children (35.3%), single people (40.9%) and people aged 35-44 years (44.3%).

In addition to being the group most likely to be on a reduced rate, participants on Newstart Allowance were also much more likely than other groups of participants to be on a reduced rate because they were

* Estimate has a relative standard error of 25-50% and should be treated with caution.

Being on a reduced rate of payment was associated with an increased risk of hardship.

paying back a Centrelink debt – 60.4% of Newstart Allowees on a reduced rate were paying back a debt and 43.9% of all participants paying back a debt were on Newstart Allowance. Research has identified that the most common reason for incurring a Centrelink debt is incorrect estimations or declarations of income earned from paid employment. Centrelink customers in low paid employment and also eligible for varying amounts of income support are the most vulnerable to incurring a debt in this way (Hughes 2008, p. 19). The increasing casualisation of the workforce in Tasmania means that many low-paid workers are only able to find casual, fragmented or intermittent employment which does not pay enough money to lift them above the eligibility threshold for Newstart Allowance (Madden 2003).

Reduced rates and hardship: As Table 27 indicates, participants on a reduced rate, either because of advance repayments or debt repayments or because of a breach, report much higher rates of financial hardship than do participants who were not on a reduced rate.

Table 27.
Percentage of participants reporting that their household experienced financial hardship by whether or not participant is on a reduced rate of income support[a]

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**Whether participant is on a reduced rate of income support (%)**	
	NO	**YES**
Could not pay electricity or phone or gas bill	63.6	73.0
Could not pay rent or home loan	39.1	57.2
Pawned or sold something	56.3	74.8
Went without meals	72.5	79.6
Unable to heat your home	53.8	60.7
Had the phone disconnected	32.9	50.0
Had the power off	20.9	35.2

[a] *Analysis includes all participants on a reduced rate, including those on a reduced rate for more than one reason.*

Although participants were not asked how long they had been on the reduced rate it is still worth asking why being on a reduced rate is linked to a higher rate of financial difficulty or hardship. Advance repayments are averaged out over a six month period and deducted automatically from the customer's payment (Centrelink 2009i). For a $500 advance payment, this would mean fortnightly deductions of about $40 – a large amount given the very low base payment rates applying to almost all income support payments. One of the conditions of eligibility for an advance payment is that the customer can afford to have the repayments taken out of their income support payment for six months (Centrelink 2009c). Given the below-poverty line rates of almost all income support payments, it is reasonable to ask whether any customer reliant solely on income support could afford to forgo up to $40 a fortnight for six months.

Repayment schedules for Centrelink debts are set according to internal policy guidelines but the customer has the option of negotiating a different, more manageable rate of repayment. Research has indicated however that the experience of customers attempting to negotiate alternative repayment schedules varies widely and is often dependent on individual Centrelink staff members, to the point that some people are unable to negotiate a change despite being in considerable financial hardship (Hughes 2008, pp. 29-30).

If households on a reduced rate are reporting higher rates of hardship, then this means they were either already experiencing higher rates of hardship prior to going onto a reduced rate (which would be expected to increase their level of difficulty) or that the repayments themselves have created the problem. Either explanation raises concerns: the first about the decision taken initially in relation to granting the advance payment or imposing a particular debt repayment schedule, and the second about the impact that repayments have on the capacity of households to cope financially. Research has identified the unsustainable financial position of households seeking to repay even relatively small amounts of debt to Centrelink and the compromises and hardship people are pushed into in order to keep up repayments (Hughes 2008, pp. 42-4). There appears to be little research into the financial impact of repaying Centrelink advances, but anecdotally, service providers express concern about the effect of repayments on clients' capacity to manage their budgets.

The level of hardship reported by participants also varied according to the reason they were on a reduced rate of payment, as shown in Table 28.

Participants repaying advance payments reporting higher rates of hardship than participants repaying Centrelink debts.

Table 28.
Percentage of participants reporting that their household experienced financial hardship by reason participant is on a reduced rate of income support[a]

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	Percentage of participants repaying Centrelink advance payment (%)	Percentage of participants repaying Centrelink debt (%)
Could not pay electricity or phone or gas bill	81.5	67.5
Could not pay rent or home loan	57.3	53.8
Pawned or sold something	76.5	68.3
Went without meals	77.6	75.6
Unable to heat your home	66.2	58.3
Had the phone disconnected	53.4	50.0
Had the power off	30.1	30.6*

[a] *This table excludes the 22 participants who were on a reduced rate for more than one reason.*

Table 28 indicates that people repaying Centrelink advances experience greater rates of hardship than people repaying Centrelink debts. This could be a result of differences in repayment schedules – for example, customers can negotiate a reduced rate of repayment of debts if they are in hardship while the repayment schedules for advances appear to be less flexible – or it could be a function of the financial difficulty the household was experiencing before it began making repayments. It would not be unreasonable to assume that households requesting advances would be already in difficulty while this may not be as true for households incurring debts.

Hahn (1997, p. 3) argues that 'access to affordable credit for basic household necessities should be a basic right for all Australians'.[33] Centrelink advances are often promoted as an 'affordable' form of credit for low income earners, often in the context of discussion of higher-interest alternatives (e.g. Hughes 2009, pp. 26-7). Wilson (2002, p. 85) calls for greater flexibility in the provision of advance payments to allow people to make greater use of them, although he acknowledges the risk that repayments can create hardship for people on already low incomes. It may be true that for some, even most, income support recipients, obtaining an advance on their payment offers increased flexibility to meet unexpected or one-off expenses while not imposing undue hardship as a result of high interest repayments. But for other income support recipients, such as the participants in this research, there is clearly a question mark over whether or not there is such a thing as 'affordable' credit.

3.4.3. Concession cards

Key findings

- Nearly all the participants (95.4%) held a Commonwealth concession card.
- The Pensioner Concession Card and Health Care Card holders in this survey experienced similar levels of hardship.

Pensioner Concession Cards and Health Care Cards entitle low income earners to an important range of concessions.

The Australian Government offers two main types of concession cards: Pensioner Concession Cards and Health Care Cards. Pensioner Concession Cards are available to people receiving certain income support payments, including the Age Pension, Carer Payment, the Disability Support Pension and Parenting Payment Single, along with a number of other payments under special circumstances (Centrelink 2009j). Health Care Cards are available to people below Age Pension age who are in receipt of certain income support payments, including Carer Allowance, the maximum rate of Family Tax Benefit Part A, Mobility Allowance (if the person is not receiving the Disability Support Pension), Newstart Allowance, Parenting Payment Partnered and jobseekers on Youth Allowance. A small number of other groups are eligible for a Health Care Card, including foster carers or people caring for a relative's child (in this case the card is issued in the name of the child being cared for) and low income earners who meet the relevant income test (Centrelink 2009e).

[33] Hahn was writing just after the introduction of Centrelink advance payments. While criticising aspects of the new system, including restrictive eligibility criteria and 'poor' administrative procedures, and acknowledging the risk that the then 13 week repayment period would cause hardship for some recipients, Hahn describes the initiative as 'a positive step' and 'encouraging' (Hahn 1997, p. 7).

The overwhelming majority of survey participants held a Pensioner Concession Card or a Health Care Card.

Both types of card entitle the recipient to bulk billing for doctor's appointments at their doctor's discretion, cheaper prescription medications under the Pharmaceutical Benefits Scheme, additional refunds under the Medicare Safety Net, assistance with hearing services and discounted mail redirection, as well as various state, territory and local government concessions that vary from jurisdiction to jurisdiction (Centrelink 2009j, 2009e). Up until recently in Tasmania, there were considerable discrepancies between concessions offered to Pensioner Concession Card holders and concessions available to Health Care Card holders, with Health Care Card holders eligible for much less assistance. However, the State Government has recently moved to equalise access to all State Government concessions (Aird 2008).

The critical difference between Health Care Cards and Pensioner Concession Cards, and the reason why the reduced level of assistance available to Health Care Card holders contributed to considerable inequity, is the income test that applies to eligibility. To illustrate the point, a single pensioner with no children can earn up to $1581.50 a fortnight before they lose eligibility for their pension, and therefore, their concession card (Centrelink 2009f). The income test for a low income Health Care Card, on the other hand, limits a single recipient to a fortnightly income of $900 (Centrelink 2009g). This discrepancy led Madden and Law (2005, p. 4) to state that while 'almost three quarters of Tasmanian pensioners rely on the pension as their sole source of income and it is accurate to describe them as having low incomes… all Health Care Card holders can accurately be described as being on low incomes'.

Concession card status among participants: In this survey, the overwhelming majority of survey participants (95.4%) held a Commonwealth concession card, with a slightly higher proportion holding a Pensioner Concession Card (48.1% compared to 38.9%). However, there was a level of confusion evident in the responses to this question, with nearly 8.4% of participants saying that they held both a Pensioner Concession Card and Health Care Card, and some participants reporting that they held a card that their particular income support payment would not at first glance actually entitle them to. Because the data collected on participants' Centrelink entitlements was not comprehensive and not all participants answered the question in full, additional clarification or analysis was not possible.

Because, as explained above, the means test for eligibility for a Pensioner Concession Card is much more generous than that for a Health Care Card, Health Care Card holders are likely to be much more financially disadvantaged than Pensioner Concession Card holders, and in the past, Anglicare has used receipt of a Health Care Card as an indicator of greater financial disadvantage. However, the participants responding to this survey were not necessarily typical of the concession card holding population as a whole – for example, groups that were poorly represented among participants include Age Pensioners, part-pensioners and low income workers. Therefore the Pensioner Concession Card holders responding to this survey would probably be in very similar financial circumstances to the Health Care Card holders who responded. Table 29, which contains a comparison of hardship levels among Pensioner Concession Card holders and Health Care Card holders responding to this survey, confirms this: for some indicators Pensioner Concession Card holders were worse off, for some Health Care Card holders were worse off and for some, both reported very similar levels of hardship.

Table 29.
Proportion of participants reporting that their household experienced financial hardship by concession card status

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	Participants with Pensioner Concession Card (%)	Participants with Health Care Card (%)
Could not pay electricity or phone or gas bill	73.7	63.6
Could not pay rent or home loan	45.8	50.8
Pawned or sold something	65.4	65.1
Went without meals	75.6	75.6
Unable to heat your home	60.8	53.7
Had the phone disconnected	38.4	45.7
Had the power off	26.0	31.0

3.5. Summary

This chapter has considered the experience of financial crisis as reported by participants in this survey. It considered the frequency with which participants experienced financial problems, their dependence on assistance from emergency relief and financial counselling services, the level of hardship they faced, their anxiety about the cost of food and the experience of families in financial crisis. It also looked at the particular expenses participants found to be problematic, including those relating to food, clothing, transport, rent, electricity, wood, telephones, debt repayments, healthcare and water. It concluded with a discussion of their dependence on income support, the implications of repaying Centrelink advances and debts and their receipt of Commonwealth concession cards.

Perhaps what emerges most strongly from this chapter is the everyday nature of participants' problems. They were not reporting difficulties with once-in-a-lifetime expenses but with everyday items in their budget: food and water, housing, electricity, transport and medicines. They were going without food and heating at shockingly high rates. They were subsisting for years at a time on minimal incomes. Although the survey did not explore the reasons why people had gone into debt, it is perhaps not surprising that so many participants reported so many debts.

However, difficulty with ordinary household expenses due to a limited income is not the only reason why a person might find themselves in financial crisis and needing assistance from an emergency relief provider or a financial counsellor. The survey also explored some of the other reasons people might face hardship or difficulty. These issues are explored in the next chapter.

CHAPTER 4

Factors contributing to financial crisis

4.1. Underlying issues

Key findings

- Most participants reported that they or someone in their household had been affected by at least one of a range of underlying issues in the previous year. The issues most commonly reported were family breakdown, mental illness, chronic debt, disability and legal issues.
- A quarter (24.6%) of participants said their household had been affected by five or more underlying issues in the previous year.
- The groups of participants most likely to be affected by multiple underlying issues were people from a non-English speaking background, Disability Support Pensioners, Aboriginal people, people with two children, home buyers, people aged 25-34 years and homeless people.
- The issues most likely to be associated with multiple other issues were eviction, bankruptcy, gambling addiction, legal problems, drug or alcohol addiction, domestic violence and imprisonment.

Other issues affecting participants: The recent focus on social inclusion theory has allowed greater emphasis to be given to the non-economic causes of poverty and disadvantage (Social Inclusion Unit 2008, p. 10). This broader approach has benefits, although it is also vulnerable to deployment for political purposes. For example, the focus on other factors as a cause of disadvantage can allow difficult policy discussions about income inequality and the structural economic forces that create it to be avoided (Arthurson & Jacobs 2004, pp. 32-3).

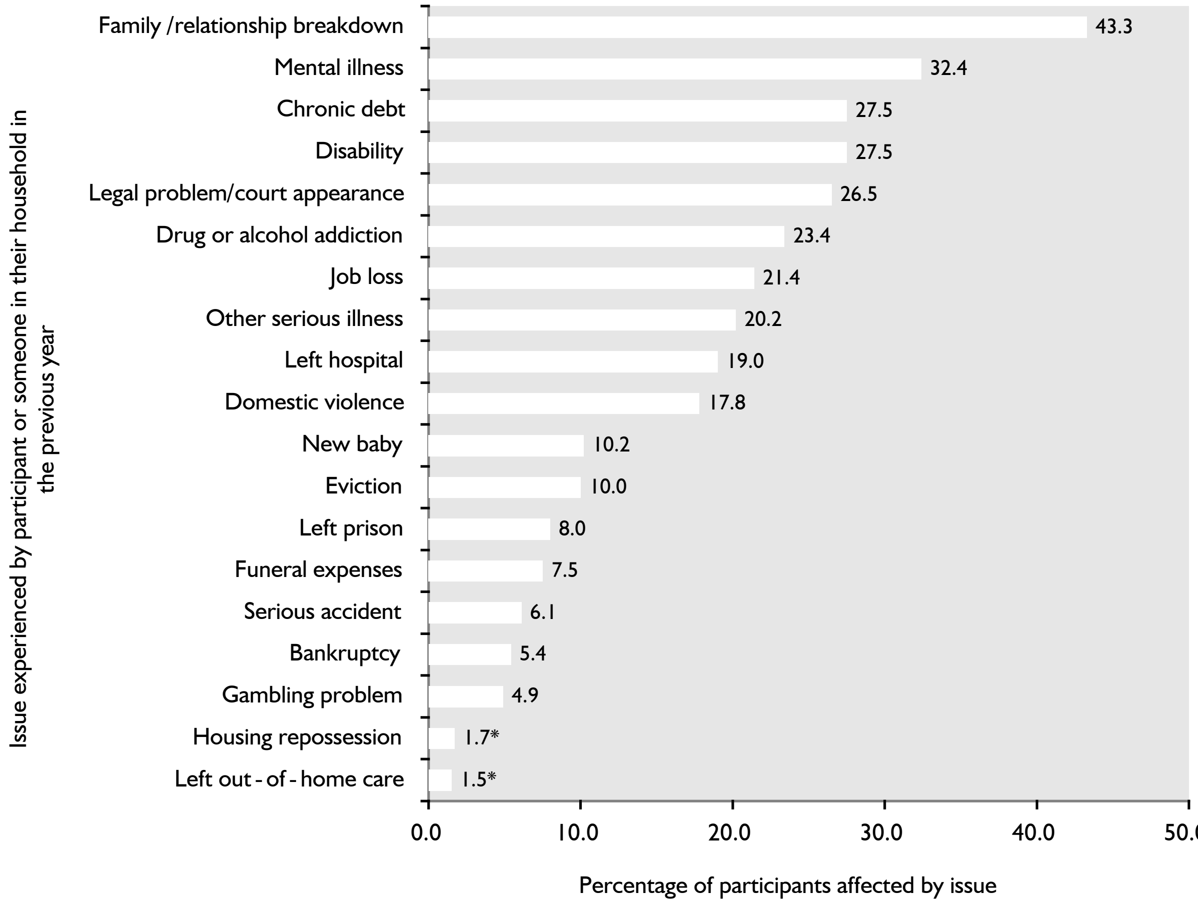
A low income is not the only reason people can be affected by financial crisis.

Research into the experiences of people seeking crisis assistance has identified that clients are seeking assistance not just because of income poverty but because of a range of issues, including homelessness, disability, unemployment, mental and physical ill health, grief and despair, drug or alcohol addiction and violence (King et al. 2009, p. 10). These issues are a major contributor to the household's need for assistance and without the household receiving support to resolve them, the impact of any crisis assistance is unlikely to be sustainable or long-term (King et al. 2009, p. 47). Anecdotally, service providers in Tasmania report that the clients that are most dependent on emergency relief and pose the greatest challenges to workers are those with what are known as 'high', 'complex' or 'multiple'

The survey asked participants whether they or someone they lived with had experienced any of a list of 20 underlying issues that could create problems for the household.

needs.[34] This survey sought to capture some of the underlying issues affecting emergency relief and financial counselling clients by asking participants whether, in the previous year, they or someone in their household had experienced any of a list of 20 issues that could be considered likely to create strain or difficulty in the household. The issues, along with the percentage of participants indicating that their household had been affected[35] by each issue, are shown in Figure 19.

Figure 19.
Underlying issues experienced by participant or someone in their household in the previous year



** Estimate has a relative standard error of 25-50% and should be used with caution.*
***Note:** The list on the survey form also included 'own business failure', but only two participants indicated that they or someone in their household had experienced this issue. This number is of course far too small to generate reliable findings and so this issue has been excluded from the list in Figure 19 and from further analysis.*

[34] A working definition of 'high' needs is that used in the former Supported Accommodation Assistance Program (now specialist homelessness services): 'multiple intensive needs which compromise ability to meet basic needs and which often manifests [sic] as one or more of the following behaviour clusters: radical lack of living skills, disruptive behaviour, radical lack of social networks, violence to self, excessively demanding' (DHHS 2004a, p. 4).

[35] For ease of reference, phrases such as 'the participant was affected by a particular issue' or 'the household was affected by a particular issue' should be interpreted as indicating that the participant had said that they or someone in their household had experienced that particular issue in the previous year.

The most common underlying issues among participants were family breakdown, mental illness, chronic debt, disability and legal issues.

The five underlying issues most commonly affecting participants were family breakdown, mental illness, chronic debt,[36] disability and legal issues. Research has linked all of these issues to greater levels of financial difficulty. For example, a study of women receiving the single and partnered rates of Parenting Payment identified a complex relationship between family instability, transition and breakdown, external events and pressure, domestic violence and financial crisis (Rawsthorne 2006). International literature shows that divorce has a significant negative impact on income, with the impact more severe for women than for men (de Vaus et al. 2009, p. 2). However, an AMP.NATSEM report concluded that '[f]rom a financial perspective, divorce is a LOSS-LOSS outcome': while women usually gain the wealth in the family home they are left with a significantly reduced income with which to cover the costs of everyday living, while men usually lose the family home and therefore incur greater debt in order to survive (Kelly & Harding 2005, p. 14). A longitudinal study concluded that for women, the rate of hardship increases in the period immediately following divorce, although their position improves with time. The same study also found that couples who did divorce had lower incomes, higher rates of hardship and lower rates of self-reported prosperity than couples who did not divorce (de Vaus et al 2009, pp. 26-7). A survey in inner and northern Sydney found that 70% of couple respondents had experienced a deterioration in their relationship when they had worried about money (Lobo 2009, p. 64). This suggests that family breakdown not only contributes to financial difficulty, but that it can be precipitated by it as well.

The experience of serious mental illness is also strongly associated with poverty and social exclusion (Cameron & Flanagan 2004). The link between debt and ongoing financial difficulty was discussed in section 3.3.8 of this report. Research has demonstrated a clear connection between disability among working-age Tasmanians and poverty (Hinton 2006) and highlighted the greater levels of financial difficulty and hardship experienced by low income households raising children with disabilities (Hinton 2007). Finally, Schetzer, Mullins and Buonamano (2002, pp. 53-4) argue that people who are economically disadvantaged are less likely to have the skills or education needed to prevent a legal problem from escalating, less likely to have access to non-legal intervention and support services and disproportionately likely to face legal issues relating to debt, social security rights, tenancies, industrial relations and workers' compensation. Research in New South Wales has identified that people who are socially or economically disadvantaged are more vulnerable to being fined, especially homeless people, young people and people with a mental illness, and less likely to have the capacity to pay fines. People

[36] 'Chronic debt' was self-defined by participants. It is impossible to know how participants would have interpreted the term, but it is assumed for the purposes of analysis that they took it to refer to ongoing and serious problems with debt.

Two thirds of the participants had been affected by more than one underlying issue and a quarter had been affected by more than five.

in prison reported major problems with outstanding fines, many of which had been 'accrued in the often chaotic period of people's lives before they went to prison' (Clarke, Forell & McCarron 2008).

Multiple underlying issues: Figure 20 shows the degree to which other underlying issues clustered together for participants.

Figure 20.
Number of underlying issues experienced by participant or by someone in their household in the previous year

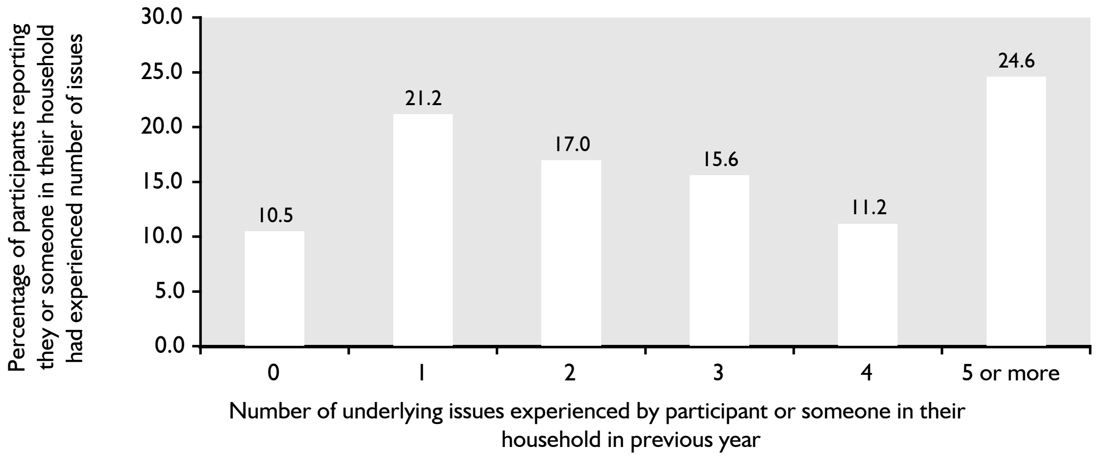
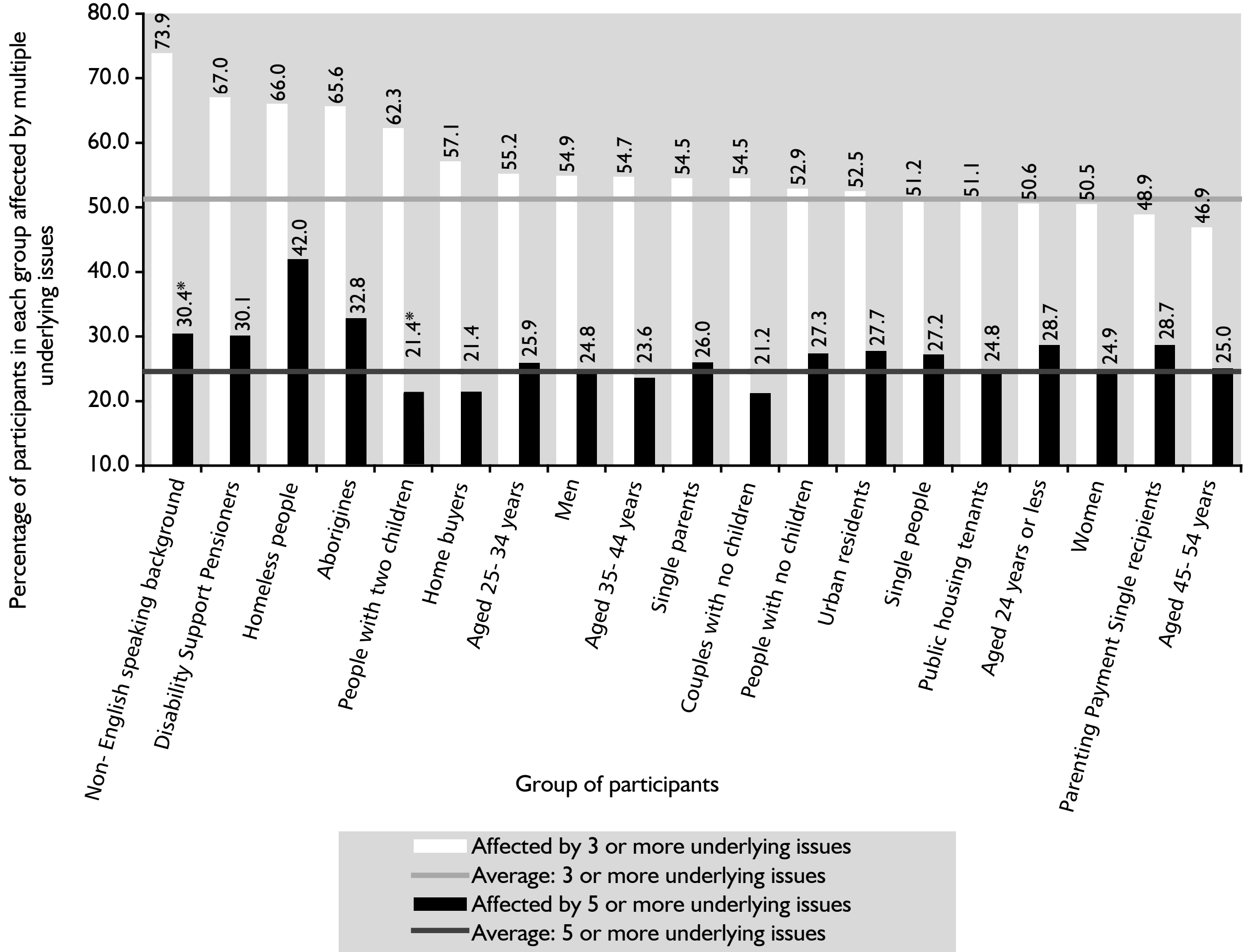


Figure 20 illustrates that, while the majority of participants (68.4%) were affected by more than one underlying issue, the proportion affected tended to decline as more issues were involved, which might imply that extremely complex needs are quite rare among participants. However, the spike at the end of the graph created by the 24.6% of participants affected by five or more issues suggests otherwise. It appears that experiences may well be polarised between people experiencing few underlying issues (perhaps just one or two that are contributing to their need for assistance on this occasion) and people experiencing a range of complex and multiple issues that lead them to have very high needs.

Which groups are most affected by underlying issues? Figure 21 highlights the groups of participants who were affected by multiple underlying issues at levels above the average for all participants.

The groups of participants most likely to be affected by multiple underlying issues were people from a non-English speaking background, people on the Disability Support Pension, Aboriginal people, people with two children, home-buyers, people aged 25-34 years and homeless people.

Figure 21.
Percentage of participants affected by multiple underlying issues at above average levels by population group



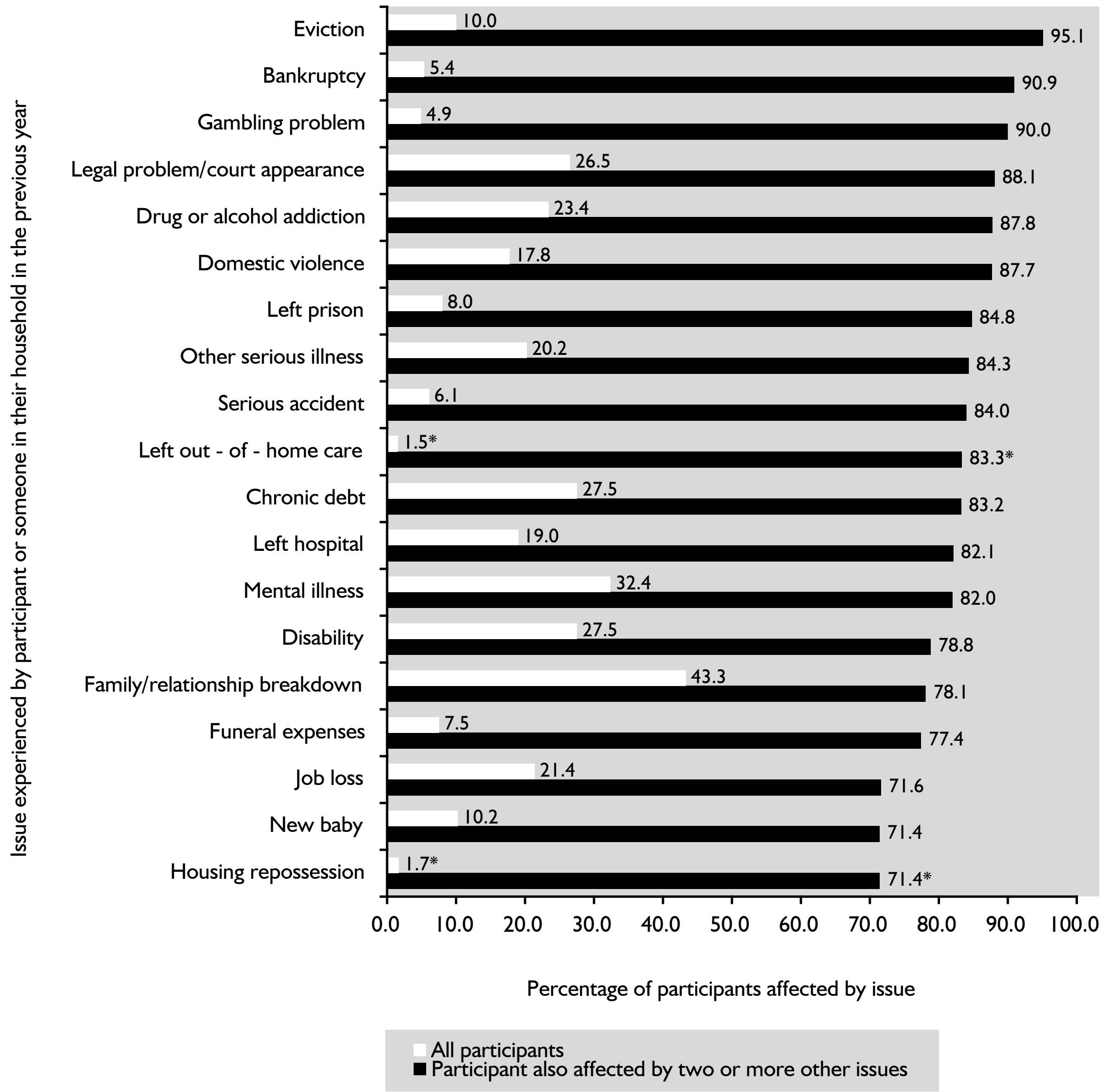
** Estimate has a relative standard error of 25-50% and should be used with caution.*

Those participants most affected by multiple underlying issues were people from a non-English speaking background, people on the Disability Support Pension, homeless people, Aboriginal people, people with two children, home-buyers and people aged 25-34 years, with homeless people in particular facing extremely complex household situations – two in five (42.0%) were affected by five or more underlying issues, the highest rate for any group considered.

Figure 22 explores which issues were likely to arise in a more isolated form and which were likely to be associated with multiple other problems by considering the proportion of participants reporting each issue who were also affected by two or more other issues.

Participants affected by eviction, bankruptcy, gambling addiction, legal problems, drug or alcohol addiction, domestic violence and imprisonment were the most likely to report that they were also affected by two or more other issues.

Figure 22.
Issues experienced by participant or someone in their household in the previous year: all participants compared to participants also affected by two or more other underlying issues



** Estimate has a relative standard error of 25-50% and should be used with caution.*

Figure 22 gives emphasis to the level of social exclusion experienced by some participants. Those issues most associated with the reporting of other issues tend to be highly stigmatised experiences: eviction, bankruptcy, gambling addiction, legal problems, drug or alcohol addiction, domestic violence and imprisonment. In particular, at least 90% of participants affected by gambling, bankruptcy and eviction were affected by at least two other issues. The issues least associated with the reporting of other issues are those that could be described as the least stigmatised, especially in the current financial climate: a death in the household, loss of a job, the birth of a new baby or a housing repossession.

It should of course be noted that the question in the survey asked participants whether the issue had affected them or someone in their household. Therefore participants selecting 'left jail', for example, were not necessarily saying that they themselves had left jail – it may have been their partner, child or housemate. This should be borne in mind when reading the analysis below.

4.1.1. Underlying issues, hardship and financial difficulty

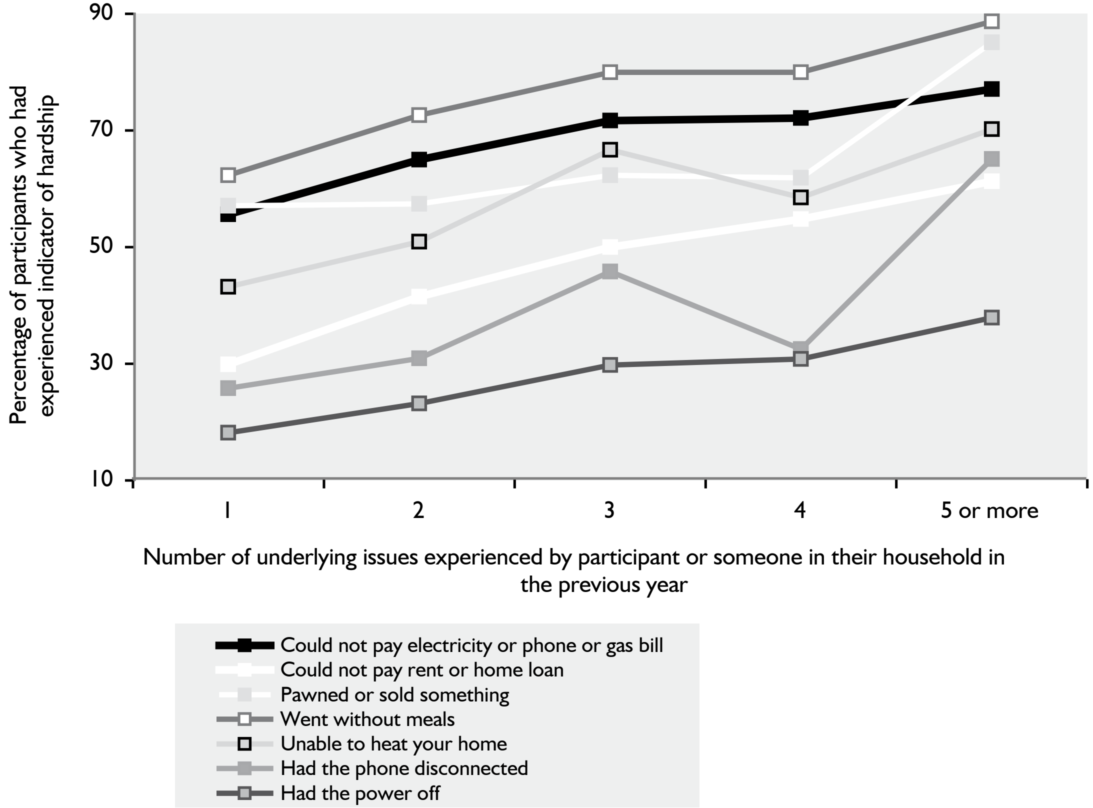
Key findings

- The level of hardship and financial difficulty experienced by the household increases with the number of underlying issues experienced by household members.
- The underlying issues most associated with hardship were eviction, bankruptcy, drug or alcohol addiction, chronic debt, a new baby and a legal problem or court appearance.
- The underlying issues most associated with other measures of financial difficulty were eviction, serious illness, chronic debt, disability, leaving hospital and a legal problem or court appearance.

People affected by multiple underlying issues were more likely to experience hardship, have financial problems regularly or always, worry about the amount of food they could afford for their household and experience problems with multiple household expenses.

Figure 23 clearly demonstrates that the level of hardship experienced by a household increases with the number of underlying issues affecting that household.

Figure 23.[37]
Percentage of participants reporting that their household experienced financial hardship by number of underlying issues affecting participant



[37] Values for Figure 23 are as follows:

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	Number of underlying issues affecting participant or someone in their household (%)				
	1	2	3	4	5 or more
Could not pay electricity or phone or gas bill	55.6	65.0	71.7	72.1	77.1
Could not pay rent or home loan	29.9	41.5	50.0	54.8	61.3
Pawned or sold something	57.1	57.4	62.3	61.9	85.1
Went without meals	62.3	72.6	80.0	80.0	88.7
Unable to heat your home	43.2	50.9	66.7	58.5	70.2
Had the phone disconnected	25.8	30.9	45.8	32.5*	65.1
Had the power off	18.2*	23.2*	29.8*	30.8*	37.9

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Multiple underlying issues also increased the rate at which participants reported other experiences of financial difficulty, as shown in Table 30.

Table 30.
Percentage of participants reporting that their household experienced financial difficulty by number of underlying issues affecting participant or someone in their household

Indicator of financial difficulty	Number of underlying issues affecting participant or someone in their household (%)				
	1	2	3	4	5 or more
Household has financial problems regularly or always	41.5	40.3	50.0	54.5	64.6
Participants always or mostly worries about being able to afford enough food for their household	77.6	74.2	80.3	79.5	84.2
Three or more expenses described as a big problem for the household	46.0	52.9	59.4	58.7	71.3
Five or more expenses described as a big problem for the household	17.2*	30.0	43.8	39.1	53.5

** Estimate has a relative standard error of 25-50% and should be used with caution.*

The expenses that were most commonly a big problem for people with multiple underlying issues were the cost of medical appointments, the cost of prescriptions, the cost of 'other' (i.e. non-private) transport, moving expenses and mobile phone bills. This suggests a pattern of poor health, dependence on public transport and a transitory lifestyle.

The underlying issues most associated with hardship were bankruptcy, eviction, chronic debt, drug or alcohol addiction, a legal problem or court appearance and a new baby.

Hardship: When the rates of hardship were analysed across all of the issues for which there was a sufficient sample size to generate reliable findings, the six issues most associated with hardship were identified as bankruptcy, eviction, chronic debt, drug or alcohol addiction, a legal problem or court appearance and a new baby. The rates of hardship reported by participants who said they or someone in their household had been affected by these issues are shown in Table 31. It can be seen that, when compared to the average participant, in the majority of cases the rates reported by participants affected by these issues are considerably higher.

Table 31.
Percentage of participants reporting that their household experienced financial hardship by underlying issue affecting participant

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**ALL (%)**	**Underlying issue experienced by participant or someone in their household (%)**					
		Bankruptcy	**Eviction**	**Chronic debt**	**Drug or alcohol addiction**	**Legal problem/court appearance**	**New baby**
Could not pay electricity or phone or gas bill	67.9	81.0	81.1	84.4	74.4	73.1	71.8
Could not pay rent or home loan	47.9	80.0	63.2	60.6	55.3	58.3	57.6
Pawned or sold something	64.6	76.2	76.9	74.8	79.5	83.0	73.5
Went without meals	75.1	70.0*	94.7	87.2	86.8	83.2	70.3
Unable to heat your home	57.4	76.2	78.4	69.9	72.9	67.0	63.9
Had the phone disconnected	40.8	80.0	54.5	53.5	55.7	52.7	60.0
Had the power off	28.3	52.6*	42.4*	37.0	37.5	36.3	36.7*

**Estimate has a relative standard error of 25-50% and should be used with caution.*

The underlying issues most associated with other measures of financial difficulty were eviction, serious illness, chronic debt, disability, leaving hospital and a legal problem or court appearance.

Other measures of financial difficulty: Table 30 showed that people experiencing multiple underlying issues faced a greater risk of financial difficulty across other, non-hardship indicators. Table 32 below shows the six underlying issues most associated with these other measures of financial difficulty, including how often the household has financial problems, anxiety about being able to afford enough food and the number of household expenses described as big problems. Again, when compared to the average participant, the rates of difficulty reported by participants affected by these issues is much higher.

Table 32.
Percentage of participants reporting that their household experienced financial difficulty by underlying issue affecting participant or someone in their household

Indicator of financial difficulty	ALL (%)	Underlying issue experienced by participant or someone in their household (%)					
		Eviction	Other serious illness	Chronic debt	Disability	Left hospital	Legal problem/ court appearance
Household has financial problems regularly or always	47.2	76.3	55.6	65.8	62.2	53.9	58.5
Participants always or mostly worries about being able to afford enough food for their household	76.8	90.2	83.1	87.5	84.5	79.5	79.8
Three or more expenses described as a big problem for the household	55.0	75.6	80.7	71.7	67.3	73.1	67.9
Five or more expenses described as a big problem for the household	33.6	53.7	55.4	53.1	51.3	52.6	47.7

Overall, Tables 31 and 32 indicate that the issues most associated with financial crisis across indicators of financial hardship and other measures of financial difficulty are eviction, chronic debt and legal issues.

Eviction has been found by research to be an extremely damaging experience for households.

Eviction: Eviction is a traumatic experience for households (Beer et al. 2006, p. 14). Accurate figures on the number of evictions in Australia are difficult to obtain, but there are around 80,000-100,000 nationally each year. Most evictions occur in the private rental sector, with many occurring informally rather than as the result of formal processes (Beer et al. 2006, pp. 1, 5, 17-19). By contrast, the number of evictions from the public housing system is relatively small: in Tasmania in 2008-09, 19 public housing

Households affected by eviction reported a very high level of difficulty with basic household expenses.

tenants were evicted, 11 due to long-standing rent arrears and the remaining eight for persistent anti-social behaviour (Tasmania, Legislative Council 2009, p. 21). Despite the low number of evictions by state government housing authorities, eviction from public housing has been identified as a key transition point where what happens next will have a large impact on outcomes later in life (Social Inclusion Unit 2008, p. 13). This is perhaps because for many low income earners, especially those with complex needs, public housing effectively functions as 'housing of last resort', making the consequences of exclusion from the system extremely serious.

A study by the Australian Housing and Urban Research Institute (AHURI) found that following eviction, few people moved immediately into mainstream housing, instead relying on family or friends to provide immediate shelter, while others were left homeless (including primary, secondary and tertiary homelessness[38]). A considerable percentage ended up in institutional settings including hospitals and jails (Beer et al. 2006, pp. 36-7). The research included a Tasmanian component, and this identified that for many of the people involved in the study, mainly single men and young people, eviction was a severe crisis that was followed by long term housing instability and homelessness (Beer et al. 2006, p. 39).

In this survey, one in ten (10.0%) participants said that they or someone in their household had been evicted in the previous year. According to Beer et al. (2006, p. 20), the most common reason for eviction among the participants in the AHURI study was rental arrears. In this survey, participants who said they or someone in their household had been evicted in the previous year were more likely than other participants to have problems with the cost of rent – 66.7% said rent was a problem for their household and 44.4% said it was a big problem, compared to 56.7% and 24.9% respectively of all participants. While the rent that participants or others in their household were paying at the time of the survey would not necessarily be the same as the rent they were paying at the time of eviction, their greater problems with rent suggest ongoing difficulties in coping with the cost of housing and a greater vulnerability to further evictions.

[38] These categories refer to the cultural definition of homelessness, which is used by the ABS and by researchers and was developed by Chamberlain and McKenzie (2003a). Primary homelessness includes people without conventional accommodation such as people living on the streets, sleeping in parks or in their cars and squatting in derelict buildings. Secondary homelessness includes people staying in emergency or transitional accommodation provided by specialist homelessness support services and people staying temporarily with friends or relatives. Tertiary homelessness includes people living in boarding houses on a medium to long-term basis. They are considered homeless because their accommodation falls below the accepted minimum community standard (Chamberlain & McKenzie 2003a, pp. 1-2). Some researchers include caravan park residents in the tertiary homelessness category. Chamberlain and McKenzie (2003a, p. 14, 2008, pp. 4-5) do not. In this report, however, caravan park residents are included in the tertiary homelessness category because in general caravan park facilities do fall below accepted community standards and because in recent years in Tasmania there has been increasing use made of caravan parks as crisis accommodation or accommodation of last resort (Shelter Tasmania 2006, pp. 1-3).

Eviction was linked to a very high level of difficulty with household expenses generally. The expenses that participants affected by eviction were most likely to identify as a problem were similar to those identified by all participants: food, clothing, electricity bills, transport costs, the cost of prescriptions and medical appointments and rent. The only unusual inclusion was moving expenses, which only 19.0% of all participants identified as a big problem but which 51.4% of people affected by eviction described as a big problem – a rate over two and a half times that of all participants. People affected by eviction were much more likely to move regularly: nearly half (47.2%) had moved four or more times in the previous two years compared to just 16.3% of all participants. People affected by eviction were also much more likely to be on a reduced rate of Centrelink payment: 67.5% were on a reduced rate compared to 49.7% of all participants.

Participants affected by eviction were more likely to be men, live alone and in urban areas and be either private renters or homeless.

Among those affected by eviction, a number of groups were over-represented, including men, urban residents, single people, people without dependent children, private renters and homeless people.* As the AHURI research cited above indicates, evictions occur mainly in the private rental market and people who are evicted are vulnerable to homelessness. The same study also concluded that people living alone were the most vulnerable to eviction (Beer et al. 2006, p. 14).

Households experiencing chronic debt were more likely to have multiple debts, but were only slightly more likely to have a debt to Centrelink.

Chronic debt: This issue had affected over one in four (27.5%) of participants. The impact of debt was discussed extensively in section 3.3.8, and not surprisingly, there is a strong correlation between those people who said that they or someone in their household had experienced chronic debt in the previous year and those people who said that their household had three or more debts: more than half (53.1%) of those affected by chronic debt said they had three or more debts and 18.6% had five or more, compared to 29.4% and 7.5% respectively of all participants.

However, participants affected by chronic debt did not appear particularly reliant on Centrelink advance payments: they were only slightly more likely to be on a reduced rate of income support than all participants – 52.9% compared to 49.7% – and their reasons for being on a reduced rate were in proportion to those reported by other participants.

As with people affected by eviction, the expenses causing the most problems for people affected

* Estimate for the proportion of homeless people affected by eviction has a relative standard error of 25-50% and should be used with caution.

by chronic debt matched those causing problems for all participants: food, clothing, electricity, transport and healthcare costs. Unsurprisingly, households affected by chronic debt also experienced disproportionately large problems with loan repayments: 42.3% of participants affected by chronic debt said loan repayments were a big problem compared to 24.8% of all participants.

Participants on the Disability Support Pension, single participants, older age groups and participants without dependent children were disproportionately likely to be affected by chronic debt.

Among participants affected by chronic debt, the following groups were over-represented: people on the Disability Support Pension, single people, older age groups and people without dependent children. Disability Support Pensioners were over-represented by a considerable margin: 35.7% of those affected by chronic debt were on the pension, compared to 25.9% of all participants. Of those disability pensioners affected by chronic debt, 67.5% had a physical disability compared to 53.5% of all Disability Support Pensioners.

Research suggests that people with disabilities often go into debt to pay for essential items, including aids and equipment required because of their disability.

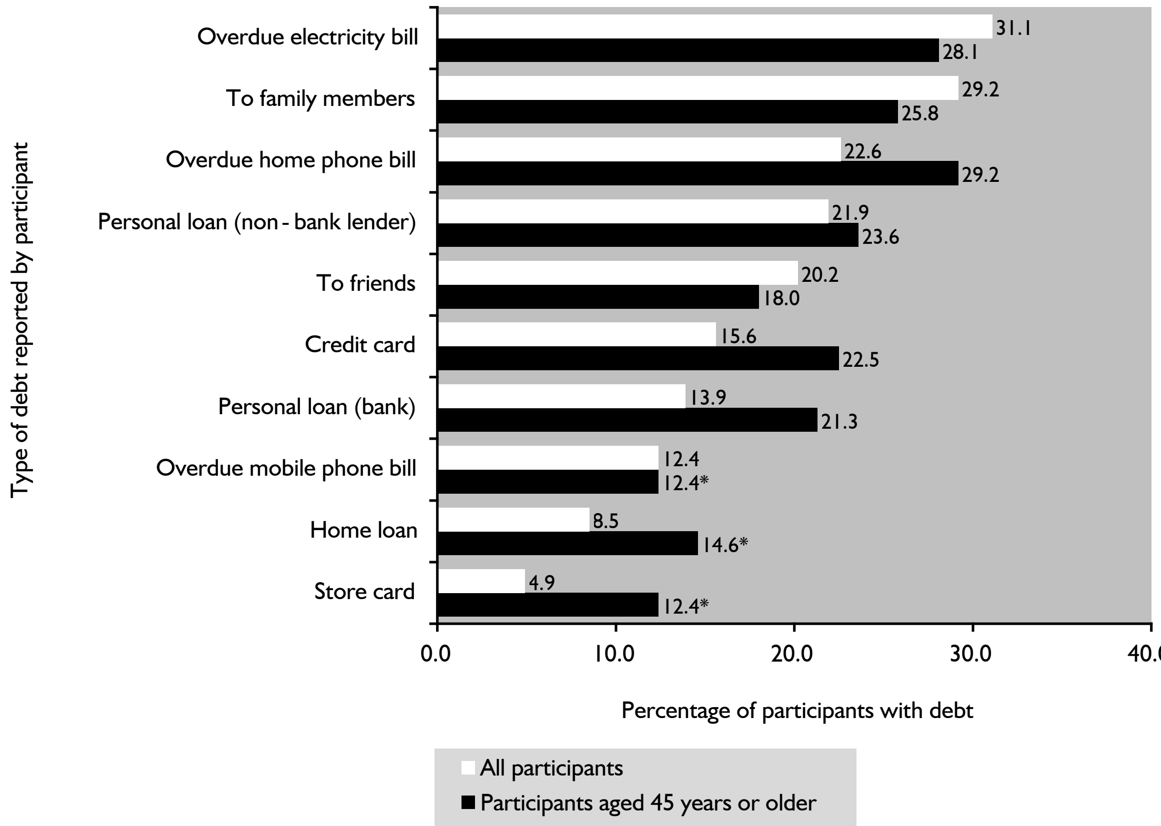
Research in the UK on disability and debt has identified that disability generates particular problems with debt, with participants in that research going into debt in order to meet the cost of essential aids and equipment or home alterations. However, pensioners were also incurring debt as a result of needing to buy essential items for which there was no specific assistance available but which were needed in higher quantities because of the disability and as the result of a loss of income when the onset of the disability was sudden or when a partner's circumstances suddenly changed. When they did get into difficulties with debt, people with disabilities often found it hard to obtain appropriate advice and support or to negotiate with creditors because services were not designed to meet the needs of people with disabilities and creditors' policies and procedures were inappropriate (Grant 1995).

In Australia, research on the experience of people with a disability of working age identified difficulty in meeting the cost of essentials on the pension, which resulted in ongoing late payment of bills (Hinton 2006, pp. 111-12). Families raising children with disabilities have also reported delaying payment of bills in order to make ends meet and going into debt to afford essential aids and equipment, including continence aids (Hinton 2007, pp. 82, 86-7, 128-9). A survey of financial counselling clients in 2004 found that ill-health was the primary cause of debt and credit problems for 18% of clients and a secondary cause for 14% (Griffiths 2004, p. 11).

Participants aged 45 and older were more likely than participants in general to report problems with mainstream forms of credit.

Figure 24 shows the types of debt reported by participants aged 45 or older.

Figure 24.
Types of debt reported by participants, all participants compared to participants aged 45 or older



Note: *Overdue rent has been excluded from Figure 24 because the relative standard error for participants aged 45 or older was more than 50% and is considered too unreliable for general use.*

Figure 24 indicates that there are certain types of debt which people aged 45 or older are more likely than other participants to report. These include overdue home phone bills, store card debt, credit card debt and bank-provided personal loans. Difficulties with home phone bills are most likely attributable to the fact that this age group were much more likely than other participants to have a home phone and to rely solely on a home phone (i.e. not have a mobile). The other types of debt however suggest a heavier dependence on mainstream forms of credit than is evident among participants in general.

An age bracket of '45 and older' means that the 'older people' considered here are actually relatively 'young'. Unfortunately, sample size limited detailed analysis of the debt levels of people aged 55 and over so it is difficult to know whether the finding has been biased by including people aged 45-54 in the analysis. However, it is likely that it has not as people aged 55 and older did appear more likely than people aged 45-54 to be in debt: what reliable figures are available show that 68.0% of participants in the former age group said that they had two or more debts compared to 56.2% of participants aged 45-54; this supports the association of rising levels of debt with increased age.

Research suggests that older people who do have problems with debt experience particular issues with credit card debt.

Does the link between age and debt correlate with the findings of other research? According to analysis by Kelly, Cassells and Harding, average household credit card debt peaks among households where the household head is aged between 35 and 44 and between 45 and 54, at $1400 per household. Credit card debt is lower among younger age groups – at $500 per household for household heads aged 18-24 and $1200 for household heads aged 35 to 34. It also declines among older age groups, falling to $1000 among household heads aged 55-64 and to $200 among household heads aged 65 and over. When the authors considered only those households with at least some debt, however, there was a shift. While the average level of credit card debt increased for all age groups, the amount of increase was between $100 and $300 for those aged under 55. For people aged 55 and over, however, the average level of debt increased by $1000. The authors suggested this meant that older age groups were polarised into those with no debt and those with a lot of debt (Kelly, Cassells & Harding 2004, pp. 5-6).

A four year study of financial counselling clients in New South Wales by Griffiths and Renwick (2001, 2002, 2003) and Griffiths (2004) confirms some link between age and reliance on credit, particularly credit cards. In the 2004 study, excessive use of credit was the most common primary cause of debt problems among people aged 65 and over; ill-health and unemployment were the most common primary causes among people aged 45-64. Of those clients presenting to financial counsellors with some form of consumer credit debt, credit cards were the most common form of debt among all age groups except 18-24 year olds, but the group most likely to have credit card debt were those aged 65 and over – 71% of these clients had credit card debt. Approximately 60% of people aged 45-64 had credit card debt and approximately 40% had personal loans (Griffiths 2004, pp. 12, 18). The proportion of people aged 65 and over presenting with credit card debt increased over the four years of the study; Griffiths concluded that there was no obvious reason for this 'except, perhaps, commercial lending practices' and suggested further exploration of the issue to determine whether the adoption of technology, fear of carrying cash or inability among older age groups to manage credit arrangements had played a part (Griffiths 2004, p. 50).

Participants most affected by legal issues were people on Newstart Allowance, Aboriginal people, people from a non-English speaking background and people with two children.

Participants affected by legal problems were more likely to be affected by health problems and to describe health-related expenses a problem for their household.

Legal issues: Legal issues were a common concern for participants and their households: 26.5% said that they or someone in their household had experienced a legal problem or a court appearance in the previous year. At least some of these legal issues may have involved imprisonment – 17.4% of participants who said they or someone in their household had experienced legal issues in the previous year said that they or someone in their household had left prison in the previous year, compared to 8.0% of all participants. And of the 18 people who said that they owed money to lenders other than those listed in the survey, nine said the money was owed on fines, including court fines.

The groups of participants most likely to have experienced legal issues were people on Newstart Allowance, Aboriginal people, people from a non-English speaking background* and people with two children. People affected by legal problems were much more likely than other participants to be on a reduced rate of income support (63.0% compared to 49.7% of all participants) and much more likely than other participants to have been affected by chronic debt (45.0% compared to 27.5%), mental illness (45.9% compared to 32.4%), disability (36.7% compared to 27.5%), drug or alcohol addiction (41.3% compared to 23.4%), domestic violence (33.9% compared to 17.8%) and eviction (24.8% compared to 10.0%). Some of these issues, such as chronic debt, drug or alcohol addiction, domestic violence and eviction, could lead to involvement with the justice system, although the survey did not obtain information about the nature of the household's legal issue.

Those households where someone had had legal problems in the previous year were also more likely to have health-related problems. Participants affected by legal issues were much more likely to describe the cost of medical appointments and prescriptions as a problem for their household (52.5% and 61.8% respectively, compared to 43.8% and 52.7% respectively for all participants). Their difficulties in relation to prescription costs were also more intense – 33.3% of people affected by legal issues said prescription costs were a big problem for their household compared to 26.1% of all participants.

Table 33 compares the proportion of all participants who said that they or someone in their household had a health-related problem with the proportion of participants affected by legal issues who said that they or someone in their household had a health-related problem. It shows that those households where there were legal issues were also households where there were more likely to be health problems.

* Estimate has a relative standard error of 25-50% and should be used with caution.

Table 33.
Percentage of participants affected by health-related issues: all participants compared to participants affected by legal issues

Health-related issue experienced by participant or someone in their household in previous year	All participants (%)	Participants who said they or someone in their household had experienced a legal problem or court appearance in previous year (%)
Mental illness	32.4	45.9
Other serious illness	20.2	41.3
Disability	27.5	36.7
Serious accident	6.1	9.2*
Left hospital	19.0	30.3

**Estimate has a relative standard error of 25-50% and should be used with caution.*

Recent studies have identified that people with a chronic illness or a disability are more vulnerable to experiencing a wide range of legal problems, including civil, criminal and family law problems, and are less likely to successfully resolve their legal problems. Research is also increasingly identifying a two way relationship between legal problems and health problems – that is, that legal problems can cause health problems to emerge as well as vice versa (Coumarelos & Wei 2009, pp. 2-3). People with a disability or chronic illness also experience a greater number of legal problems than people without (Coumarelos & Wei 2009, p. 8).

4.1.2. Renting, social exclusion and complex needs

Key findings

- Lower rents were not necessarily associated with lower rates of hardship: renters paying less than $300 a fortnight had higher rates of hardship than renters overall.
- Private renters paying less than $300 a fortnight experienced higher levels of hardship than public housing tenants paying less than $300. They also experienced higher levels of hardship than private renters paying $400 a fortnight or more.
- The link between lower rents and hardship appears to be associated with the fact that participants paying lower rents were more likely to be affected by multiple underlying issues.

Participants paying less than $300 a fortnight in rent reported higher rates of hardship than renters overall, and private renters reported higher rates of hardship than public housing tenants, even when the amount of rent paid was taken into account.

Table 8b in section 3.2.1 compared hardship rates across a range of different tenures and identified that public housing tenants had somewhat lower rates of hardship when compared to private renters. Table 34 explores whether this is connected to the generally higher rents paid by private renters by comparing levels of hardship among tenants in different tenures paying similar amounts of rent.

Table 34.
Percentage of participants reporting that their household had experienced hardship by tenure and rent paid

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money					**Tenure and rent paid (%)**
	Public housing (all tenants)	**Private rental (all tenants)**	**Public housing (paying less than $300 per fortnight)**	**Private rental (paying less than $300 a fortnight)**	**Private rental (paying $400 or more a fortnight)**
Could not pay electricity or phone or gas bill	65.3	68.4	66.3	70.4	64.4
Could not pay rent or home loan	30.8	58.1	27.1	59.6	62.2
Pawned or sold something	61.9	60.1	66.3	62.3	53.3
Went without meals	70.2	72.3	72.4	81.8	60.9
Unable to heat your home	52.6	57.8	52.2	67.3	45.5
Had the phone disconnected	34.6	41.5	36.5	53.2	38.6
Had the power off	28.3	27.3	30.3	36.7	22.0*

** Estimate has a relative standard error of 25-50% and should be used with caution.*

The hypothesis being tested by Table 34 was that private tenants had higher rates of hardship because they paid higher rents. Contrary to expectation, however, Table 34 shows that for most indicators (all indicators in the case of private tenants), both public and private tenants paying lower rents reported higher rates of hardship than public and private tenants overall.[39] Most surprisingly, private tenants paying lower rents are slightly more likely than all private tenants to have been unable to pay their rent in the previous year due to a shortage of money. The table also shows that private tenants paying lower rents are generally worse off than public tenants who are paying the same lower rents.

Table 34 also includes the hardship levels experienced by private tenants paying more than $400 a fortnight on rent. With the exception of difficulty with paying rent, these levels are lower than the levels reported by private tenants paying less than $300. Is this because lower rents are likely to be for poorer quality accommodation, which in itself compounds disadvantage and experiences of hardship? Or is it the case that tenants are in comparatively cheap housing because they already face high levels of financial hardship, and even the 'lower' rents they are paying are not low enough to be genuinely affordable?

The conventional measure of housing affordability is the housing stress benchmark, or '30/40' rule – that a household in the lowest 40% of income distribution and spending more than 30% of its income on rent is in 'housing stress', while a similar household spending less than 30% of its income on rent is effectively in affordable housing. Under the 30/40 rule, most public housing tenants, for example, are in affordable housing because their income-linked rents are set at levels well below 30%. But analysis of data collected by the ABS' household expenditure survey found that, while low numbers of public housing tenants were struggling when the conventional benchmarks of housing stress were applied, when housing costs were considered in the context of the household being able to attain a minimum standard of living, 64.8% of public housing tenants were unable to afford this minimum living standard (Burke & Ralston 2003, pp. 20-24). This suggests that even those households considered to be in 'affordable' housing are struggling to meet the cost of other essential items after they have paid their rent.

Is there also a correlation between paying lower rents and being affected by more underlying issues? If there is, this may also contribute to an explanation of the higher levels of hardship among tenants paying

[39] The gap between public housing tenants in general and public housing tenants paying lower rents is quite small, but this is probably because the majority (78.8%) of public housing tenants pay less than $300 a fortnight. Because of the commonality between the two groups, their rates of hardship are very similar.

Participants paying lower rents were more likely to be affected by multiple underlying issues.

lower rents. Tables 35a and 35b consider the number of underlying issues affecting participants in public and private rental paying lower and higher rents.

Table 35a.
Percentage of participants affected by multiple underlying issues by tenure and rent paid

Number of underlying issues experienced by participant or someone in their household in previous year	Tenure and rent paid (%)			
	Public housing tenants (all tenants)	Private renters (all tenants)	Participants paying rent of less than $300 a fortnight (public and private renters)	Participants paying rent of $400 or more a fortnight (public and private renters)
3 or more	51.1	48.6	53.8	45.6
5 or more	24.8	20.3	26.6	15.8*

** Estimate has a standard error of 25-50% and should be used with caution.*

Table 35a indicates that public housing tenants were slightly more likely than private renters to be affected by multiple underlying issues. This makes sense in light of the fact that Housing Tasmania's key client group is 'people on low incomes with complex and/or multiple needs who cannot access appropriate housing without assistance' (DHHS 2009a, p. 46). But Table 35a also shows that participants paying lower rents were more likely than participants paying higher rents to be affected by multiple underlying issues.

Table 35b looks at the number of underlying issues experienced by participants paying less than $300 and $400 or more a fortnight, but breaks the groups down by tenure.

Table 35b.
Percentage of participants affected by multiple underlying issues by rent paid by tenure

Number of underlying issues experienced by participant or someone in their household in previous year	Rent paid by participant (%)		
	Rent is less than $300 a fortnight		Rent is $400 or more a fortnight
	Public housing tenants	Private renters	Private renters
3 or more	52.8	55.7	48.1
5 or more	26.9	26.2	15.4*

** Estimate has a standard error of 25-50% and should be used with caution.*

Table 35b shows that private renters paying less than $300 a fortnight were more likely than private renters paying $400 or more a fortnight to be affected by multiple underlying issues. When public housing and private tenants paying less than $300 a fortnight are compared however, the difference is less striking. Private renters were slightly more likely to be affected by three or more underlying issues, but the proportions affected by five or more are virtually the same. This suggests that experiencing multiple underlying issues is not the only explanation for why private renters paying low rents are more likely than public tenants paying low rents to experience hardship. Other factors must be involved.

Research suggests that private renters are more vulnerable to social exclusion than public housing tenants.

Hulse and Burke (2000, p. 3) have argued that although most of the debate about social exclusion and tenure has targeted public housing tenants because this tenure is seen to house the bulk of low income people with complex needs and to do so in concentrated areas, in terms of numbers, many more disadvantaged households live in the private rental market and 'arguably the process of exclusion in the private rental sector is both more complex and deeper in its impacts'. They argue that the private rental tenure both accentuates and creates social exclusion in a number of ways.

Firstly, the private rental market reinforces poverty and financial stress because rents are tied to market values, not the ability to pay. Secondly, residential tenancy legislation favours the needs of landlords and their capital interest in the property, which leaves tenants vulnerable to insecurity of tenure and eviction without a specific reason, provided appropriate notice is given. Thirdly, just as public housing is concentrated in particular areas, so too is 'affordable' private rental. These areas, like public housing estates, have poor facilities and services, limited transport and few job opportunities. Fourthly, unlike the public housing system, there are few formal linkages between housing and support services and few systems in place to identify tenants in difficulty. Fifthly, while tenant participation strategies in public housing are seen as important and positive, there are no equivalent strategies in the private rental sector to ensure tenants have a voice in tenancy management and decision-making. Sixthly, private rental is 'politically residualised': areas dominated by cheap private rental are politically invisible, unlike public housing estates, which are seen as government responsibilities and where media, political or community pressure can lead to the investment of considerable resources for crime prevention or urban and community renewal. Finally, the level of accountability applied to public housing authorities is much higher than that applied to private landlords. As a result, tenants in the private rental market are much more vulnerable to discrimination (Hulse & Burke 2000, pp. 6-9).

4.2. Other support services

Key findings

- Only 15.8% of participants said that they or someone else in their household was receiving any other support services.
- Participants receiving support services were more disadvantaged than participants who were not, reporting higher levels of hardship, difficulty with multiple household expenses and multiple underlying issues. This probably reflects the targeting of services to those most in need.
- Participants who had used emergency relief or financial counselling services before, or who had been on income support payments for five years or more, were more likely than average to be receiving other support.
- Even among the groups most likely to be receiving support – households affected by disability and Disability Support Pensioners – about three quarters (71.4% and 75.8% respectively) of participants were not receiving any other support services.

Only 15.8% of participants were receiving any other support services.

The final question in the survey asked participants whether they or someone in their household was receiving any other support services. Other support services could include services offering assistance with employment, mental health, alcohol and other drugs, housing, disability, relationships, parenting, aged care, legal issues and income support entitlements.

Participants receiving support services reported higher rates of hardship than those participants who were not receiving other support.

The overwhelming majority (84.2%) of participants said that no one in their household received any other support services, which meant that only 15.8% of participating households were receiving other support services. Given the levels of hardship and financial difficulty reported and the degree to which participants experienced a range of complex underlying issues linked to social exclusion, this is an alarming finding.

Support services and hardship: Table 36 compares the level of financial hardship experienced by participants receiving support services with the level experienced by participants who are not receiving other support.

Table 36.
Percentage of participants reporting that their household experienced financial hardship by whether or not household is receiving other support services

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**Whether participant or someone in their household is receiving other support services (%)**	
	YES	**NO**
Could not pay electricity or phone or gas bill	73.6	67.3
Could not pay rent or home loan	47.1	47.9
Pawned or sold something	64.8	63.2
Went without meals	82.5	73.3
Unable to heat your home	64.8	55.2
Had the phone disconnected	36.7	41.0
Had the power off	29.4*	27.4

** Estimate has a relative standard error of 25-50% and should be used with caution.*

Table 36 shows that, on a number of indicators, people receiving support services experienced higher rates of financial hardship than people who were not receiving other support services.

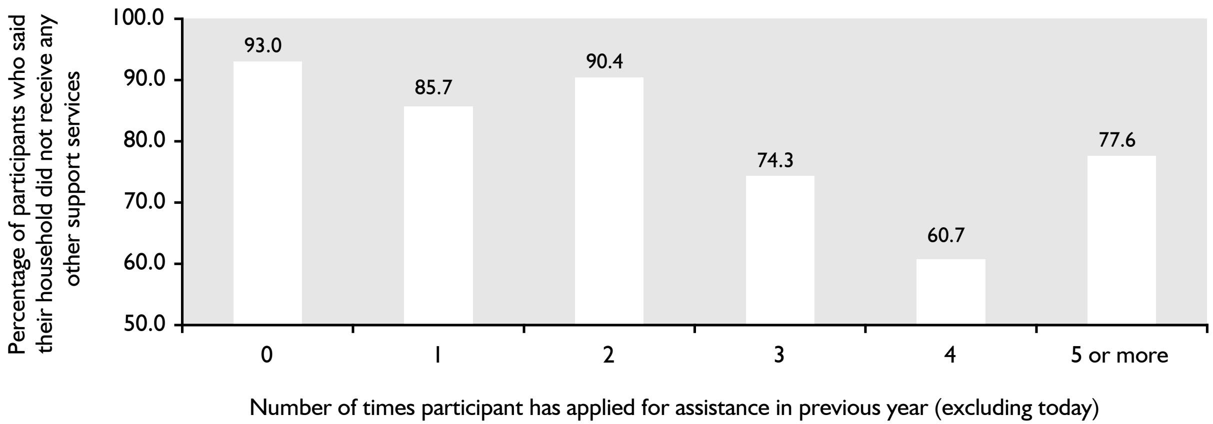
People receiving support services were also more likely to experience problems with multiple household expenses (41.7% described five or more expenses as big problems compared to 32.5% of participants whose household was not receiving other support) and more likely to be affected by multiple underlying issues (33.3% were affected by five or more issues compared to 22.8% of participants not receiving other support).

These findings are not surprising. Many support services are highly targeted, so only extremely disadvantaged people with multiple and complex needs are able to obtain access. This means that the population receiving support services is likely to be much more disadvantaged than the rest of the population. In addition, many services report that it is extremely difficult to provide enough support to each person who needs it, which means that people often miss out on all of the assistance they might require to overcome their difficulties.

People who had used emergency relief or financial counselling services before were slightly more likely to be receiving other support services.

Support services and previous assistance: Participants who had applied for assistance from emergency relief or financial counselling services before had a slightly higher likelihood of receiving other support services: 18.5% said someone in their household received other support. The participants least likely to be receiving other support were those who had not applied before (i.e. the first time they had applied was the day of the survey). Almost all (93.0%) of these participants said that they were not receiving any other support. This suggests that contact with crisis services may lead to referral to other support for some clients. Figure 25 shows the proportion of participants who said that they were not receiving any additional support, broken down by the number of times they had applied in the previous year.

Figure 25.
Percentage of participants who said that no one in their household received any other support services by number of previous applications for assistance



Over three quarters of heavy users of emergency relief and financial counselling services received no other support.

The likelihood that participants would be receiving other support services increased with the length of time the participant had been on income support.

Figure 25 shows that participants who were moderate users of services were less likely to say that they had no other support when compared to occasional users and heavy users. First-time and occasional users were the most likely to say they did not receive other support. Two possible conclusions can be drawn. Firstly, greater dependence on services may increase the likelihood of referral to other support and presumably the take-up of those referrals. This could be because of increased trust on behalf of the client or increased recognition that additional support is needed. Secondly, the finding that the heaviest users of services are more likely than moderate users to be without any additional support indirectly confirms service providers' anecdotal evidence that emergency relief providers are often the only support system used by those people in the community with the most complex needs and the greatest difficulties engaging with mainstream services.

Support services and length of time on income support: The likelihood of a participant reporting that no one in their household received other support services decreased with the length of time the participant had been on income support. As shown in Figure 26, among participants who had been on income support for less than five years, an average of 87.9% did not receive other support services. However, among participants on income support for five to less than 10 years, 83.5% did not receive other support services and among participants on income support for 10 years or more, only 77.8% did not. This suggests that over time, connection to the income support system facilitates greater contact with other parts of the service system.

Figure 26.
Percentage of participants who said that no one in their household received other support services by length of time on income support

Even among those groups more likely to be receiving additional support services, the actual proportion receiving support was very low.

Although there were some factors that increased the likelihood that a participant would be receiving additional support, overall, the proportion of participants that was receiving additional support was extremely low. Even among the population group most likely to receive additional support, people with disabilities, only about one quarter (28.6% of people affected by disability and 24.2% of people receiving the Disability Support Pension) were receiving other support services. Given the level of hardship reported by participants in this survey, the very low proportion of participants reporting that they did receive other support services effectively means that many people with complex needs and in considerable financial difficulty and even crisis are receiving no additional support to deal with these issues.

CHAPTER 5

Vulnerable groups

This chapter explores the experiences and characteristics of some of the groups of participants who emerged from the analysis in the preceding chapters as particularly vulnerable. Specifically, the chapter includes discussion of the situation of home buyers, Aboriginal people, homeless people, people on the Disability Support Pension and people on Newstart Allowance. Unfortunately, the sample size involved in relation to people of a non-English speaking background means that they cannot be included, even though this group was repeatedly identified as likely to be at considerable risk of extreme hardship and difficulty. This chapter also considers the influence of age and gender on the experiences reported by participants.

5.1. Home buyers

Key findings

- Almost three quarters (71.4%) of the participants who were home buyers said that the cost of their mortgage was a big problem for their household and every home buyer said that mortgage costs were a problem to some degree.
- Home buyers were also much more likely than all participants to experience problems with a range of household expenses. Three fifths (60.7%) described five or more expenses as a big problem for their household.
- Nearly all (92.6%) of the home buyers who participated in the survey were receiving income support payments and 88.9% had no income from paid work.
- Well over half (57.1%) of the participants who were home buyers said their household was affected by three or more underlying issues in the previous year.

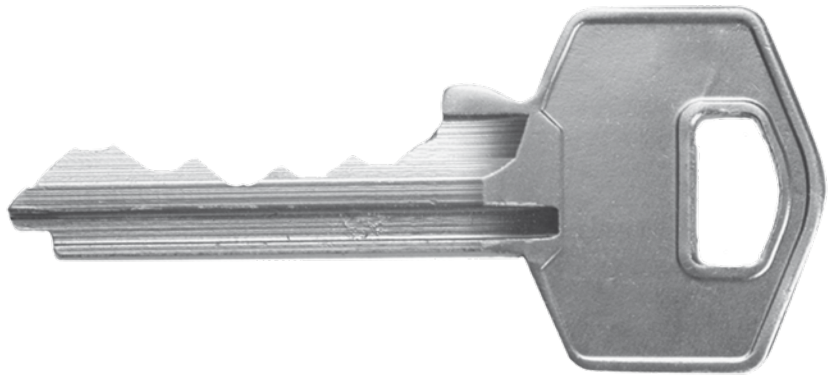
Almost three quarters (71.4%) of home buyers said that the cost of their mortgage was a big problem for their household and every home buyer said that mortgage costs were a problem to some degree.

Home-buyers described food costs as a big problem for their household in proportions one and a half times that of participants overall. They report very high rates of missing meals and of anxiety about being able to afford enough food. Yet the proportion of home buyers who attributed their need for assistance to the cost of food was minimal – just three households. The most common reason home buyers were seeking assistance was the cost of their home loan – 57.9%* of home buyers said this was a main reason for seeking assistance. The only other reasons mentioned at all by home-buyers as main reasons for

* Estimate has a relative standard error of 25-50% and should be used with caution.

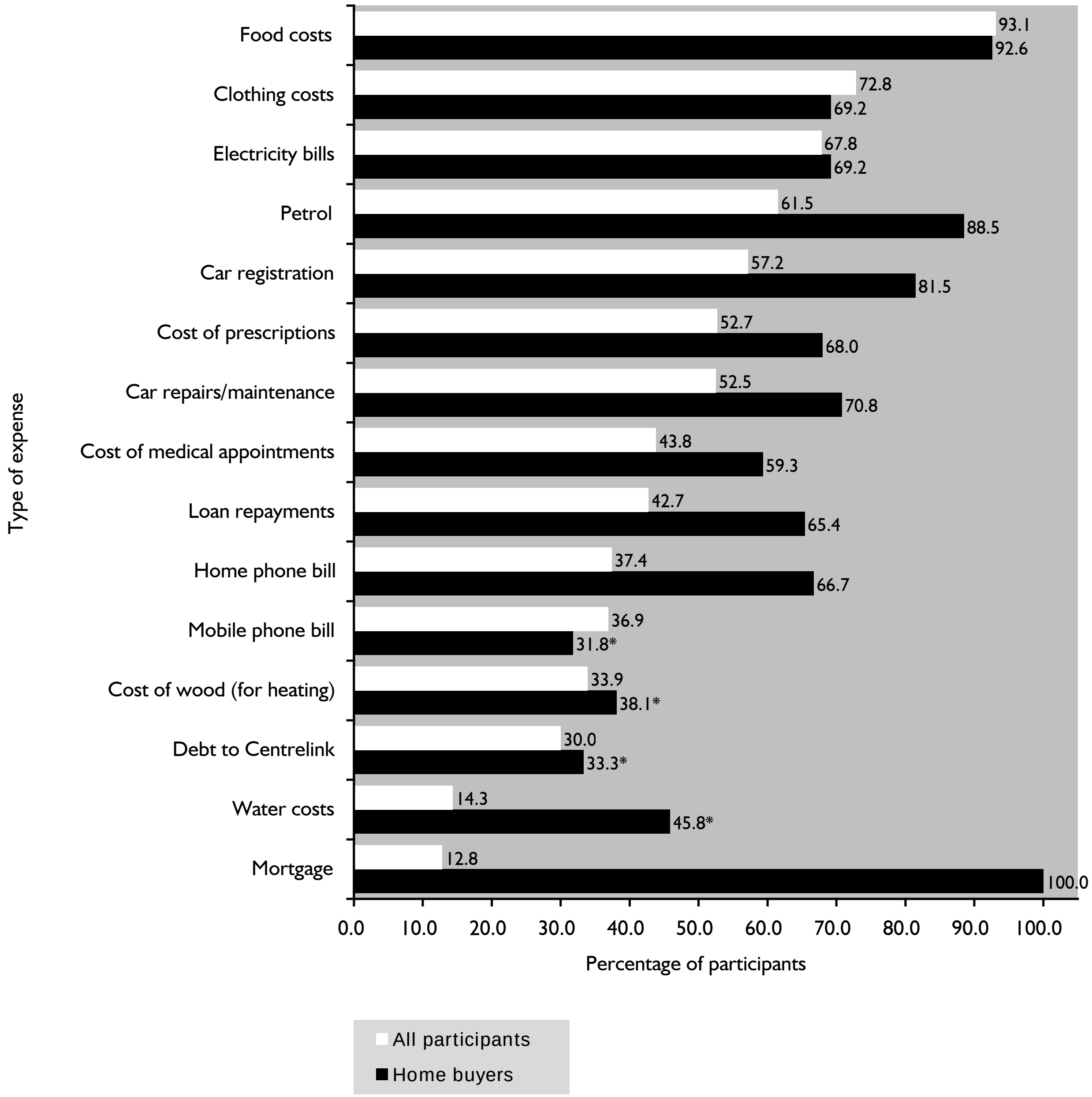
seeking assistance were electricity bills, food, and loan repayments.[40]

Figure 27 compares the proportion of all participants describing each expense listed in the survey as a problem for their household with the proportion of home buyers describing that expense as a problem for their household.



[40] The numbers nominating the first two reasons were so low that the estimates are not reliable enough for general use and the numbers nominating the last (loan repayments) are small enough that this estimate should also be treated with caution.

Figure 27.
Percentage of participants describing expenses as a problem for their household: all participants compared to home buyers



** Estimate has a relative standard error of 25-50% and should be used with caution.*
***Note:** Estimate for home buyers and other transport costs had a relative standard error of 50% which is considered too unreliable for general use and was excluded. No home buyers described moving expenses or rent as a problem for their household and so these results have also been excluded.*

The home buyers participating in the survey are in a marginal position and would be very vulnerable to any increase in interest rates.

Figure 27 demonstrates the impact mortgage costs had on the home buyers who participated in the survey: every single one of them identified the cost of their mortgage as either a big problem or a bit of a problem for their household (and the majority, 71.4%, said that mortgage costs were a big problem). Otherwise, home buyers in general found the same kind of expenses problematic as did all the participants: food, petrol, transport costs and electricity bills.

However, for 12 of the 15 expenses listed, a greater proportion of home buyers nominated the expense as a problem than did all participants, and for all but one (electricity bills), by a notable amount. Home buyers were also the participant group most likely to experience difficulty with multiple expenses – 71.4% described three or more expenses as big problems for their household and 60.7% described five or more expenses as big problems. These were the highest levels for all participant groups assessed across source of income, gender, location, cultural background, age, children and tenure, and compare to averages for all participants of 55.0% and 33.6% respectively. Home buyers were also much more likely to report that their household had financial problems regularly or always (57.1% compared to 47.2% of all participants), and were much more likely than other participants to have, in the past year due to a shortage of money, been unable to pay a utilities bill and to have pawned or sold possessions (79.2% and 75.0% respectively compared to 67.9% and 64.6% respectively).

In the past, home ownership has been found to protect against hardship (Bray 2001, p. 37). It is likely that it still does for most people, given the small number of home buyers and even smaller number of home owners participating in this survey, observed in other surveys and recorded as clients by the Salvation Army, a statewide provider (see Table 1 in section 2.7). However, those home buyers who do seek assistance are under extreme financial strain, and it appears that this strain results mainly from the pressures of meeting commitments on their home loan.

In recent years considerable concern has been expressed about the relaxation of lending policy in Australia and the apparent increase in the number of home loans made to low income or disadvantaged customers. This concern even triggered a parliamentary inquiry into how lending practices had changed and what effect the changes had had (SCEFPA 2007, p. iii). In the current survey, almost all (92.6%) of the home buyers were receiving income support payments and 88.9% had no income from paid work. They were also more likely than other participants to report that they were affected by three or more underlying issues (57.1% compared to 51.3%). On the face of it, they do not represent 'good lending risks'.

It was difficult to tell from the data available exactly where the home buyers in the survey were living. Participants did provide their postcode, but in Tasmania, one postcode can cover several suburbs or towns and may include places with starkly different socio-economic characteristics. However, when the postcodes of the home-buyers who participated in the survey were considered, about three fifths related to groups of small, rural communities and the other two fifths included in their scope suburbs originally built as broadacre public housing estates. House prices remain relatively low in rural communities making home ownership more attainable: of the ten suburbs ranked as 'most affordable' by the Real Estate Institute of Tasmania's website for the December 2008 quarter, four of the top six are small rural communities (Real Estate Institute of Tasmania n.d.). Home ownership assistance programs have been and continue to be promoted heavily to public housing tenants and increasingly, low income households in general. The Affordable Housing Strategy 2003-2008 included funding for home ownership assistance programs (Flanagan, K 2007, pp. 18, 30). The Tasmanian Government currently offers three programs to people on low incomes to assist them into home ownership. The Streets Ahead program is an incentive program offering $6000 of deposit assistance to buy an ex-public housing property, the HomeShare program is a shared equity program for low and moderate income earners which covers ex-public housing stock, 'quick build' properties and properties on the open market, and there is also a shared equity program for public housing tenants wishing to buy their rental property from Housing Tasmania.

The Minister for Human Services described the HomeShare program as 'a tremendous opportunity for people who otherwise would never be able to meet the financial obligations, to own their own home', and stressed the availability of the boosted First Home Owner's grant and the State Government stamp duty rebate, which, together with the shared equity saving would 'take the total level of assistance to as much as $75,000' (Thorp 2009b). Hayward (1996) has argued that Australian governments have always preferred to promote home ownership over other forms of tenure such as public housing. Although the Minister has stated that 'we will not be seeing loans made to those who are unable to afford to keep up with the repayments… We want to bridge a gap, not encourage people to over-extend themselves financially' (Thorp 2008), elsewhere, she has said, 'People talk all the time about public housing waiting lists but there are more ways to skin a cat than just more public housing… What we need to do is make sure more and more Tasmanians get access to their own homes, preferably that they own privately and outright' (ABC 2009).

Research has indicated that while home ownership assistance schemes in Australia to date have been extremely successful, they are not without risk. Specifically, their success depends on increasing property values, which means it is critical that governments providing home ownership assistance take into account the issue of location (Grieve et al. 2005). International research has found that some home buyers can be exposed to detrimental levels of stress if they accumulate mortgage arrears, face repossession of their homes or end up in negative equity (i.e. owe more on their home than it is worth) (Hulse & Burke 2009, p. 1).

While the survey did not collect the information necessary to ascertain what financial position the participants who were home buyers had been in when they first purchased their home, given their source of income and limited involvement in paid work, it is clear that they are now marginal home buyers, already struggling to make their mortgage repayments. This puts these people in a very vulnerable position if interest rates increase significantly or if they experience a significant change in their personal circumstances. A number of commentators, including the Reserve Bank Governor, have expressed concern about the vulnerability of marginal borrowers lured into home ownership by the combination of a boosted First Home Owners' Grant and very low interest rates (Uren 2009; Saulwick 2009; Leyden 2009).

5.2. Aboriginal people

Key findings

- Aboriginal people consistently reported higher levels of financial difficulty, hardship and underlying issues than other participants.
- Aboriginal participants were much more likely than all participants to report that they or someone in their household had experienced family or relationship breakdown, chronic debt, drug or alcohol addiction or legal issues in the previous year.
- A number of other disadvantaged groups were over-represented among Aboriginal participants.

Aboriginal people consistently reported higher levels of financial difficulty, hardship and underlying issues than other participants.

Throughout the analysis of the survey results, Aboriginal participants were consistently found to experience higher levels of financial difficulty and hardship than non-Aboriginal participants. Aboriginal participants were more likely to be affected by multiple underlying issues – 65.6% reported being affected by three or more underlying issues and 32.8% reported being affected by five or more, compared to 49.7% and 24.1% respectively of non-Aboriginal participants. In particular, Aboriginal participants were much more likely than all participants to report problems with family or relationship breakdown, chronic debt, drug or alcohol addiction and legal issues. Other findings, less reliable, suggest Aboriginal participants were much more likely than other participants to have experienced funeral expenses, bankruptcy or someone in the household leaving prison.* Aboriginal participants also reported particularly high levels of financial hardship, especially in relation to missing meals, going without heating and the disconnection of electricity and telephones.

However, Aboriginal participants were less likely than other participants to report difficulties with multiple expenses and only experienced notably greater difficulties on three expenses: the cost of medical appointments (50.0% of Aboriginal people said this cost was a problem overall compared to 43.8% of all participants), the cost of wood (39.1% compared to 33.9%) and the cost of water (23.9%* compared to 14.3%). Difficulties with medical appointments, wood and water costs could be connected to the much higher proportion of Aboriginal people living in rural areas (45.5% compared to 34.2% of all participants).

There were a number of overlaps between the group of participants identifying as Aboriginal and other groups found at various points in the analysis to be at risk of disadvantage: Aboriginal participants were more likely to be aged between 25 and 54 (80.0% compared to 71.9% of all participants), more likely to be male (41.0% compared to 32.8%) and more likely to rely on Newstart Allowance (38.3% compared to 22.7%). They were more likely to be on a reduced rate of income support (56.6% compared to 49.7%), more likely to be both paying back an advance payment (75.0% compared to 69.2%) and paying back a debt to Centrelink (50.0%* compared to 39.1%).[41] Aboriginal people were also less likely to be on a reduced rate for just one reason (75.0% compared to 87.0% of all participants).

None of these findings are a particular surprise given the extensive body of research on Aboriginal disadvantage. They must also be treated with some caution given the difficulties with using self-identification of Aboriginality in a survey such as this. However, they can be taken to confirm that Aboriginal people are much more likely than non-Aboriginal people to face financial hardship and complex issues and to have other characteristics strongly linked to disadvantage.

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* Estimates have a relative standard of error of 25-50% and should be used with caution.
[41] These figures include participants who were on a reduced rate for more than one reason.

5.3 Homeless people

Key findings

- Just over half (56.0%) of the homeless participants were in secondary homelessness, staying with family or friends or in crisis accommodation.
- Homeless participants were disproportionately likely to be single, male and young.
- Homeless participants did not report significant problems with day-to-day living expenses, but did report considerable levels of anxiety about being able to afford enough food, experienced very high rates of hardship and were much more likely than other participants to be affected by multiple underlying issues.
- Homeless participants were much more likely than average to have been affected by family or relationship breakdown, mental illness, drug or alcohol addiction, disability and domestic violence.

Financial crisis can trigger homelessness as well as be a consequence of it.

Chamberlain and MacKenzie (2003b, pp. v-vii) identified three main ways in which adults become homeless. The first is to become homeless as the result of a housing crisis, the second, to become homeless as a result of family breakdown, particularly family breakdown caused by domestic violence, and the third is to transition from being homeless as a young person into being homeless as an adult; this latter population is already chronically homeless and face a range of complex issues, including drug and alcohol addiction, mental illness and criminality. Chamberlain and MacKenzie described these pathways as 'homeless careers'. The first career 'draws attention to the fact that for many people it is poverty – and accumulating debt – that underpin the slide into homelessness'. For people moving through a 'homelessness through housing crisis' career, there are three main stages: the gradual accumulation of rental arrears, usually due to job loss or ongoing unemployment or another financial setback, that leads to an elevated risk of eviction, then the loss of accommodation and the immediate worsening of the household's circumstances and finally, although not for all people, the transition to chronic homelessness, where the person has adapted to homelessness as a way of life (Chamberlain & McKenzie 2003b, pp. 30-37). The point to note is that financial crisis is not necessarily exclusively the result of homelessness – it may well have been the trigger for homelessness in the first place.

The participants in this survey who were homeless were living in a range of circumstances: in boarding houses, hostels, pub-tops, caravans or cabins (tertiary homelessness), staying with family or friends or living in crisis accommodation (secondary homelessness) or sleeping rough, in their car or in a tent (primary homelessness). Just over half (56.0%) were in secondary homelessness, with 60.7% of these people reporting that they were staying with family or friends in the short-term. Nearly two fifths (38.3%) of the homeless participants were receiving Newstart Allowance and a further 27.7%* were receiving the Disability Support Pension. They tended to be disproportionately single, male and young, when compared to the representation of these groups among participants in general: half of the people who were homeless were single (50.0%), half were men (50.0%) and 70.8% were aged 34 years or younger.

The type of homelessness the person was experiencing could be expected to influence their responses to the questions in this survey. A person sleeping in their car, for example, would not be expected to report current problems with electricity bills or rent (although problems with these costs might have caused them to become homeless in the first place), but they would be expected to have considerable difficulties in keeping warm. A person staying with family or friends may or may not be expected to contribute financially to the household bills, rent or food budget. The experience of a person in crisis accommodation might be different depending upon whether they were living in a community tenancy[42] or in a crisis shelter. The experience of a person in a boarding house or caravan would vary depending on the quality of the facilities provided.

The number of homeless people who participated in the survey was too small to reliably compare the experiences of participants in the different homelessness categories, but large enough to consider the experience of homeless participants overall.

The issues faced by homeless people were not necessarily connected to the burden of day-to-day living expenses.

In general, the issues faced by homeless people were not necessarily connected with their day-to-day living expenses. Homeless people were much less likely than participants in general to identify three or more expenses as a big problem – just 40.0% of homeless people did so compared to 55.0% overall – and also appear less likely to identify five or more expenses as a big problem – 30.0%* compared to 33.6%. Their most common reason for seeking assistance was the cost of food,* although this finding needs to be treated carefully.

Homeless people were no more likely than participants in general to be on a reduced rate of income

* Estimate has a relative standard error of 25-50% and should be used with caution.
[42] A rental property run by community organisations as medium-term or transitional accommodation.

support – 48.9% of homeless people were on a reduced rate compared to 49.7% overall. However, of the nine participants who reported that they were serving a Centrelink breach, four were homeless. Homeless participants were also much more mobile than other participants – nearly half (47.5%) had moved five or more times in the previous two years, which is more than four times the proportion of participants generally (10.7%) who had moved five or more times.

Homeless people may not appear particularly disadvantaged (compared to some of the other participants) when it comes to daily living expenses, but they were more likely than all participants to report that in the previous year, a shortage of money had meant that they had been unable to pay their rent (50.0%), pawned or sold possessions (75.6%), missed meals (86.7%), been unable to heat their home (65.9%) and had their telephone disconnected (51.3%). Compared to other types of tenure, they experienced particularly severe problems with heating and telephone disconnections.

If not the pressure of daily living expenses, then what is causing this particularly high rate of hardship among the homeless participants who responded to the survey? Bisset, Campbell and Goodall (1999, p. 38) comment that,

> It is clear that homelessness is more than "houselessness". The lack of adequate shelter may be caused by, and a cause of, a range of other personal and social problems. Without an adequate response to these issues the combination of factors compounds personal crisis and entrenches homelessness. Consequently, as well as the threat to physical and mental well-being, homelessness frequently involves progressive marginalisation from society. This marginalisation of homelessness can include isolation from the supportive networks of a local neighbourhood, exclusion from the formal support provided by community services and, ultimately, being disenfranchised from basic welfare entitlements.

Homeless people had particularly intense difficulties with multiple underlying issues.

Homeless participants in this survey were much more likely than other participants to be affected by multiple underlying issues: 42.0% of homeless participants said their household was affected by five or more underlying issues, compared to just a quarter (24.6%) of participants as a whole. This was overwhelmingly the highest proportion reporting this of any group when compared across income, gender, cultural background, age, number of children, tenure and living arrangements.

Homeless people were more likely than all participants to have been affected by family or relationship breakdown (60.0%), mental illness (48.0%), drug or alcohol addiction (44.0%), disability (34.0%) and domestic violence (32.0%). They also appear to be more likely to have been affected by chronic debt, a legal problem or court appearance, eviction, someone leaving jail, someone leaving hospital, the birth of a new baby and bankruptcy.* Research suggests that complex issues such as the ones reported by participants in this survey are not just reinforced by homelessness, but that they can in fact be caused by homelessness. For example, a study of 4252 homeless people in Melbourne found that of the 1940 people who had substance use problems, 66% had developed their problem after becoming homeless, which had then entrenched their homelessness into the long-term, and of the 1344 households with mental health problems, 53% had developed their problem after becoming homeless (Chamberlain, Johnson & Theobold 2007, pp. 20-21, 28-9).

5.4. People receiving the Disability Support Pension

Key findings

- Participants on the Disability Support Pension were disproportionately likely to be male, older, living alone or as part of a couple without children and living in public housing.
- Disability Support Pensioners reported high levels of hardship and difficulty across a wide range of household expenses, and nearly a third (30.1%) had been affected by five or more underlying issues in the previous year.
- Disability Support Pensioners were much more likely than other participants to be affected by chronic debt and to have multiple debts, particularly pensioners with physical disabilities.
- Pensioners with more than one kind of disability reported greater levels of hardship and financial difficulty than people with only one type of disability.

Participants on the Disability Support Pension were disproportionately more likely to be men, to be in older age groups, to have no children and to live in public housing.

The Disability Support Pensioners participating in this survey were more likely than participants in general to be men (46.0% compared to 32.8% of all participants), older (42.7% were aged 45 or over compared to 22.4%), living alone (40.0% compared to 31.1%) or as part of a couple with no children (16.3% compared to 8.2%) and living in public housing (41.2% compared to 33.7%).

* Estimates in this sentence have a relative standard error of 25-50% and should be used with caution.

Participants on the Disability Support Pension reported high rates of hardship, were more likely to be affected by multiple underlying issues and experienced considerable difficulty in affording a wide range of household expenses.

Disability Support Pensioners experienced a high level of hardship, and they were also more likely than average to be affected by multiple underlying issues: 67.0% were affected by three or more and 30.1% were affected by five or more (compared to 51.3% and 24.6% of all participants respectively). Unsurprisingly, those issues that Disability Support Pensioners were much more likely than other participants to have experienced were health-related, including mental illness, disability, other serious illnesses and someone leaving hospital, but they also reported a much higher level of chronic debt than other participants. Further discussion of disability and debt can be found in section 4.1.1.

Unlike other groups where high levels of hardship and complex needs did not necessarily translate into problems with the household budget, Disability Support Pensioners were also much more likely than other participants to experience problems with multiple expenses – 64.1% described three or more expenses as a big problem and 44.7% described five or more expenses as a big problem. People receiving the disability pension were much more likely than other participants to describe the following as problems: home phone and mobile phone bills, loan repayments, clothing costs, the cost of medical appointments and prescriptions and car repairs and maintenance. They were also much more likely to describe the following costs as big problems: electricity, home phone and mobile phone bills, loan repayments, food and clothing costs, the cost of medical appointments and prescriptions, and the cost of car registration, car repairs and maintenance.

It is therefore evident that people with disabilities experience issues with the full range of essential expenses: utilities, food and clothing, health costs and transport costs. They are less likely to have problems with housing costs, but this may be attributable to the greater proportion of Disability Support Pensioners living in public housing. Their issues with the cost of private transport may well be related to the documented difficulties that people with disabilities have in using public transport – including problems with availability and the limited accessibility of vehicles and information as well as concerns about safety and the fear of being targeted because of difference – and in accessing affordable alternative forms of non-private transport, such as taxis (Cameron & Flanagan 2004, pp. 54-5; Hinton 2006, pp. 96-8).

5.5. People receiving Newstart Allowance

Key findings

- Participants on Newstart Allowance experienced very high levels of hardship but this did not translate into difficulties with multiple expenses, greater indebtedness or greater reliance on crisis assistance.
- Participants on Newstart Allowance were more likely than other participants to identify non-private transport costs and debts to Centrelink as problems for their household.
- Newstart Allowees were more likely than participants on average to report that they or someone in their household had been affected by eviction, drug or alcohol addiction and legal issues. They were also more likely to say that a household member had recently lost their job.

People receiving Newstart Allowance reported very high levels of hardship but this did not appear to translate into other areas of financial difficulty.

Newstart Allowance was the income support payment most associated with financial hardship, with people receiving Newstart Allowance experiencing above-average rates of hardship on five of the seven indicators of hardship (see Table 8a in section 3.2.1). However, the high rate of financial hardship experienced by people receiving Newstart Allowance does not necessarily translate into other areas. Table 37 compares the proportion of Newstart Allowees experiencing a range of other indicators of financial difficulty or vulnerability to financial difficulty with the proportions for all participants.

Participants on Newstart Allowance were more likely than all participants to report problems with the cost of non-private transport and debt to Centrelink.

Table 37.
Percentage of participants reporting that their household experienced financial difficulty or disadvantage: all participants compared to Newstart Allowees

Indicator of financial difficulty or disadvantage	All participants (%)	Newstart Allowees (%)
Three or more expenses described as a big problem for the household	55.0	52.2
Five or more expenses described as a big problem for the household	33.6	26.7
Participant has three or more debts (excluding Centrelink debt)	29.4	26.7
Participant mostly or always worries about whether the amount of food they can afford to buy for their household will be enough	76.8	79.5
Participant has moved three or more times in previous two years	27.9	39.5
Participant has applied for emergency relief or financial counselling before	81.0	80.2
Participant has applied for assistance three or more times in the previous year (excluding day of survey)	46.2	35.3
Household has financial problems regularly or always	47.2	49.4

As Table 37 indicates, despite their high levels of hardship, people receiving Newstart Allowance are slightly less likely than the average for all participants to experience difficulties with multiple expenses, have multiple debts, and rely on emergency relief or financial counselling assistance on a regular basis. The only indicator in Table 37 which people on Newstart Allowance were notably more likely to experience was moving regularly. This is probably linked to the concentration of Newstart Allowees in the private rental market, where there is less security of tenure.

There were only two household expenses which participants on Newstart Allowance were much more likely than other participants to identify as a problem: the cost of non-private or 'other' transport

(46.5% of people on Newstart Allowance said this was a problem compared to 38.8% of all participants) and debt to Centrelink (37.7% compared to 30.0%).

A more detailed discussion of the impact of Centrelink debt and the particular issues this causes for casual workers is found in section 3.4.2, but it is likely that Newstart Allowees' greater difficulty with Centrelink debt is linked to the difficulty of correctly declaring fluctuating income from casual work. Transport costs could also be related to job-search activities: looking for work requires travel, to drop off resumes, attend interviews and make face-to-face enquiries about potential work. The aspects of hardship where people on Newstart Allowance were particularly vulnerable were inability to pay rent, missing meals and having the phone and power disconnected. It could be that people were compromising on housing, food and access to essential services in order to prioritise other expenditure.

There may also be other factors accounting for the greater hardship experienced by the Newstart Allowees participating in this survey. Table 31 in section 4.1.1 lists six underlying issues which were found to be most associated with hardship: bankruptcy, eviction, chronic debt, alcohol and other drug problems, legal problems and a new baby. Of these six issues, people receiving Newstart Allowance were more likely than all participants to have been affected by three: eviction*, alcohol and other drug addiction and legal problems.

Participants on Newstart Allowance were also much more likely than other participants to have been affected by job loss (37.8% compared to 21.4% of all participants). Over all, two fifths (39.5%) of those affected by job loss were on Newstart Allowance. Although the question about underlying issues related to whether the participant or someone in their household had experienced the issue in the previous year, given that a quarter (25.9%) of Newstart Allowees had been on income support for less than 12 months, it is reasonable to assume that at least some of the participants were referring to their own loss of employment.

Job loss was not linked to particularly high levels of hardship when compared to those experienced by all participants, except in relation to the payment of rent, an area where people receiving Newstart Allowance also reported considerable difficulties (55.3% of people receiving Newstart Allowance and 63.3% of people affected by job loss reported problems paying rent in the previous year due to a shortage

* Estimate has a relative standard error of 25-50% and should be used with caution.

of money compared to 47.9% of all participants). It is possible that the difficulties experienced by people affected by job loss are due to working people living in more expensive rental properties prior to losing their job.

5.6. Age

Key findings

- Participants aged 25-54 reported the highest levels of hardship overall.
- Participants aged 55 and over appeared to have the lowest levels of hardship, with the exception of having missed meals due to a shortage of money, where people aged 55 and over were the second most likely age group to have done so.
- The presence of multiple underlying issues was more prevalent among younger participants than older participants. Younger people appeared more likely to be affected by interpersonal or family issues and job loss, while older people were more likely to be affected by health-related issues.

People aged 25-54 report higher rates of hardship when compared with people in younger and older age groups.

Hardship: The analysis throughout this report identified a number of factors that varied with the age of the participant. This section explores in more detail the issue of age, beginning with Table 38, a consideration of the rates of hardship across different age groups.

Table 38 shows that in general, people aged 25-54 years old have the highest rates of hardship, and people aged 55 years and over the lowest (although these findings must be treated with caution). The two indicators where there are discrepancies are the indicators relating to missing meals and going without heating. The relatively low proportion of younger people reporting that they were missing meals and going without heating is most likely due to the fact that a higher proportion of these households included children; the analysis in section 3.2.3 of this report shows a strong link between the presence of children and a reduced likelihood of missing meals or going without heating.

The unexpectedly low proportion of people aged 35-44 reporting that their phone had been disconnected may be due to the fact that these people were more likely than people aged 25-34 and 45-54 to have both a home phone and a mobile phone (40.0% compared to 26.2% and 33.9% respectively). As discussed in section 3.3.7, people with both types of phone were much less likely than people reliant on only one type to have been disconnected in the previous year.

Table 38.
Percentage of participants reporting that their household experienced financial hardship by age group

Indicator of hardship: this happened to participant's household in previous year due to a shortage of money	**Participant's age group (%)** 24 years or younger	25-34 years	35-44 years	45-54 years	55 years or older
Could not pay electricity or phone or gas bill	61.7	62.7	79.8	67.9	54.5*
Could not pay rent or home loan	40.0	54.5	51.2	45.3	40.0*
Pawned or sold something	58.7	72.4	63.2	66.1	47.6*
Went without meals	73.5	67.0	76.1	84.7	82.6
Unable to heat your home	54.8	54.4	60.7	66.0	45.5*
Had the phone disconnected	33.8	52.6	31.1	50.0	27.3*
Had the power off	25.0	34.1	30.4	25.5*	**

** Estimate has a relative standard error of 25-50% and should be used with caution.*
*** Estimate has a relative standard error of more than 50% and is considered too unreliable for general use.*
***Note:** Cells shaded in grey indicate the highest value in each row.*

On all the indicators in Table 38 except one, (and acknowledging the need for caution in relation to the findings), people aged 55 and over had the lowest rate of hardship of all the age groups. The exceptional indicator is that relating to missing meals, which was also the only indicator for which sufficient numbers of people aged 55 and over had answered yes, they had had this experience, for there to be completely reliable results. For this indicator, people aged 55 and over were the second most likely group to have missed meals; the most likely were the next oldest age group, 45-54 year olds. As noted in section 3.2.1, older people tend to use reduction in food intake as a coping strategy when faced with financial difficulty (Lawrence, cited in Sharam 2003, p. 9).

Other indicators of financial and personal difficulty: Table 39 below shows the variation with age of the experience of multiple underlying issues and difficulty across multiple expenses.

Younger people were more likely to have been affected by multiple underlying issues. People aged 35-44 experienced the greatest difficulty with multiple household expenses.

Table 39.
Percentage of participants affected by multiple underlying issues and describing multiple expenses as a big problem by age group

Experience reported by participant	Age group of participant (%)				
	24 years or younger	25-34 years	35-44 years	45-54 years	55 years or older
Participant or someone in their household affected by three or more underlying issues in the previous year	50.5	55.2	54.7	46.9	40.0*
Participant or someone in their household affected by five or more underlying issues in the previous year	28.7	25.9	23.6	25.0	**
Three or more expenses described as a big problem for the household	39.1	54.3	66.0	56.3	56.0*
Five or more expenses described as a big problem for the household	21.8	30.2	45.3	37.5	24.0*

** Estimate has a relative standard error of 25-50% and should be treated with caution.*
*** Estimate has a relative standard error of more than 50% and is considered too unreliable for general use.*
***Note:** Cells shaded in grey indicate the highest value or values in each row.*

Table 39 indicates that complex issues tend to be more prevalent among younger people than older people, but also, as noted previously in section 3.3, that participants aged 35-44 years tend to experience the highest level of difficulty with multiple expenses, while younger people experience relatively low levels of difficulty with this issue.

Table 40 shows the underlying issues affecting different age groups at levels notably above the average for all participants.

Younger participants were more likely to be affected by interpersonal or family issues, employment-related problems and legal issues, while older people were more likely to be affected by health problems and debt.

** Estimate has a relative standard error of 25-50% and should be used with caution.*
***Note:** The averages for all participants for the issues included in Table 52 are as follows (in alphabetical order): bankruptcy – 5.4%; chronic debt – 27.5%; disability – 27.5%; domestic violence – 17.8%; drug or alcohol addiction – 23.4%; eviction – 10.0%; family/relationship breakdown – 43.3%; funeral expenses – 7.5%; job loss – 21.4%; left prison – 8.0%; mental illness – 32.4%; new baby – 10.2%; and other serious illness – 20.2%.*

Table 40.
Percentage of participants affected by underlying issues at notably above average levels by age group

Participants aged 24 years or younger (%)		Participants aged 25-34 years (%)		Participants aged 35-44 years (%)		Participants aged 45 years or older (%)	
Job loss	27.6	Family/ relationship breakdown	56.0	Mental illness	44.3	Disability	44.9
Drug or alcohol addiction	27.6	Job loss	25.9	Disability	33.0	Chronic debt	37.1
Domestic violence	24.1			Chronic debt	32.1	Other serious illness	24.7
New baby	23.0			Other serious illness	24.5	Funeral expenses	12.4*
Eviction	14.9*						
Left prison	12.6*						

Table 40 suggests that younger participants were more likely to be affected by interpersonal or family issues, employment-related problems and legal issues, while older people were more likely to be affected by health problems and debt.

5.7. Gender

Key findings

- Overall, men reported higher rates of hardship than women and were more affected by those underlying issues most closely linked to hardship.
- Women were more likely to identify the cost of food as a big problem and to describe multiple expenses as a big problem for the household.
- The experience of particular groups of men and women did vary significantly from the respective averages for all men and women when factors such as source of income and living arrangements were taken into account.

Some researchers have argued that women face a greater risk of poverty than men. On the surface, the findings of this survey do not support this.

In their study of emergency relief clients in Sydney, King et al. (2009, pp. 39-41) found that women were more vulnerable to poverty than men. They linked this to a body of international research on the 'feminisation of poverty' or the 'gender poverty trap', which argued that those most at risk of poverty were single women, with and without children. There is support for this from other researchers: a collaborative research project by Flinders University, the University of South Australia, the South Australian Department of Human Services and the Women's and Children's Hospital in South Australia looking at the effects of chronic and multiple disadvantage on families argued that it is women '(particularly *young* women) and children [who] are most vulnerable to poverty and other forms of disadvantage' (Murray-Harvey et al. c. 2004, p. 5, emphasis in original). King et al. (2009) do however acknowledge a 2004 NATSEM study on poverty in Australia which found that men were slightly more vulnerable to poverty than women: the male poverty rate is 11.2% and the female rate is 11% (Lloyd, Harding & Payne 2004, p. 5). And at first glance, the findings of this survey certainly seem to contradict arguments that women are more vulnerable to poverty than men.

As noted in section 3.2, men were more likely than women to report that they had experienced hardship, with men experiencing higher rates of hardship on six of the seven indicators. The only indicator which women were more likely to have experienced was being unable to pay a utilities bill due to a shortage of money. Men were slightly more likely to be affected by multiple underlying issues – 54.9% of men were affected by three or more issues compared to 50.5% of women, although the proportions affected by five or more issues were almost identical: 24.8% of men and 24.9% of women. However, overall, the issues linked in earlier analysis (see section 3.1.1) to greater levels of hardship and financial difficulty either affected men and women in roughly similar proportions or affected men more than women. Women were more affected than men by serious illness, but men were more affected than women by eviction, alcohol and other drug problems, legal issues and disability.

As has been discussed in other parts of this report, the experience of hardship and general pressures on the household budget did not always overlap. Despite men reporting much higher rates of missing meals, for example, women were more likely to describe the cost of food as a big problem for their household (53.1% compared to 43.8%). Women were also more likely to experience issues with multiple expenses – 56.0% said that three or more expenses were a big problem and 37.7% described five or more as a big problem, compared to 53.4% and 25.6% respectively of men.

Male participants were more likely than women to be on Newstart Allowance or the Disability Support Pension, to be older, to be Aboriginal, to live alone and to be homeless.

The male participants in this survey were more likely than women to be dependent on Newstart Allowance and the Disability Support Pension. Overall, male participants also tended to be older (28.2% were aged 45 or older compared to 19.5% of female participants). They had a higher rate of Aboriginality (19.2% compared to 13.5% for women) and were much more likely to live alone (50.0% compared to 21.9%). Three quarters (75.7%) had no children compared to 35.3% of women, and where they did have children, men tended to have smaller families – 82.1% had only one to two dependent children compared to 64.3% of women. Men were also much more likely to be homeless: 19.4% of the male participants were homeless compared to 9.4% of the female participants.

Do age, living arrangements or receipt of particular income support payments make a difference to men's and women's experiences? Analysis was conducted across a range of variables where sufficiently reliable data was available, including source of income, the presence of a partner or children, living arrangements, location, tenure and age. In some cases, the trends were the same as for men and women generally: men experienced greater difficulty with the indicators of hardship, women experienced greater difficulties with household expenses and there were mixed findings in relation to underlying issues, with men more likely to be affected by three or more but with the proportions affected by five or more relatively even. However, in some cases, the findings were unexpected. Table 41 summarises the more striking of these.

Among participants in this survey, the experience of poverty was not something related specifically to gender but depended on a range of factors including income and living arrangements.

** Estimate has a relative standard error of 25-50% and should be treated with caution.*
Note: Cells shaded in grey indicate the highest value in each set of two columns (i.e. men vs. women). However, where the two values are virtually identical, both cells are left unshaded.

Table 41.
Percentage of participants reporting that their household experienced financial difficulty or were affected by multiple underlying issues by population group by gender

Experience reported by participant	All women (%)	All men (%)	Participant's circumstances (%): Lives alone		No dependent children		Has dependent children		Receives Disability Support Pension	
			Women	Men	Women	Men	Women	Men	Women	Men
Could not pay electricity or phone or gas bill in previous year due to shortage of money	68.9	64.6	66.7	63.6	65.4	64.4	69.6	73.1	78.4	66.7
Could not pay rent or home loan in previous year due to shortage of money	46.7	50.9	44.0	41.8	43.7	48.6	48.1	61.9*	43.5	40.5*
Pawned or sold something in previous year due to shortage of money	61.6	70.5	64.7	63.6	60.3	66.7	62.0	78.3	62.5	65.0
Went without meals in previous year due to shortage of money	69.8	85.1	83.6	83.3	80.8	85.0	63.3	84.0	82.7	88.9
Unable to heat your home in previous year due to shortage of money	55.5	61.9	66.7	58.8	63.2	62.3	50.8	59.1*	72.5	69.2
Had the phone disconnected in previous year due to shortage of money	39.4	44.9	38.3	40.0	38.6	41.2	38.0	50.0*	34.8	52.9
Had the power off in previous year due to shortage of money	25.7	33.0	17.8*	24.0*	14.9*	25.4	29.5	57.1*	30.2*	24.2*
Three or more expenses described as a big problem for the household	56.0	53.4	54.2	54.5	56.0	56.3	58.4	60.7	68.5	60.9
Five or more expenses described as a big problem for the household	37.7	25.6	35.6	28.8	36.9	27.6	39.0	25.0*	55.6	34.8
Participant or someone in their household experienced three or more underlying issues in previous year	50.5	54.9	52.5	50.0	54.8	51.7	48.1	75.0	70.4	67.4
Participant or someone in their household experienced five or more underlying issues in previous year	24.9	24.8	30.5	24.2	32.1	23.0	24.0	32.1*	31.5	30.4*

Table 41 indicates that the comparative experiences of men and women can vary significantly based on their living arrangements or type of income. Although overall, men experience the greatest difficulties with hardship, women who live alone and women on the Disability Support Pension are more likely than or as likely as men who live alone or as Disability Support Pensioners to experience hardship. While overall, women experience the greatest difficulty with household expenses, this is less definite in the case of people living alone, people without dependent children and people with dependent children, where there are variations in the findings for people describing three or more expenses as a big problem. And while overall, men are only slightly more likely to be affected by multiple underlying issues, women living alone, women without children and women on the Disability Support Pension are definitely more likely to be affected by multiple underlying issues than their male counterparts, while men with children are much more likely to be affected by multiple underlying issues than women with children. (It is worth noting that of the men with dependent children, 42.9% were single parents and 35.7% were part of a couple).*

The findings of this survey are therefore that, for these participants at least, poverty is not something particular to women but is dependent on a range of factors including those related to people's income and living arrangements.

* These estimates have a relative standard error of 25-50% and should be used with caution.

CHAPTER 6

Conclusions and recommendations

Ordinarily, the recommendations of social policy reports focus on the service system with which the subjects of the report are engaged. But while issues with the income support system are one of the main drivers of the poverty and crisis they face and the legal system and health system are obviously central to the lives of some participants, the subjects of this report are not just experiencing difficulties with human services systems. The research found that the participants were mainly experiencing difficulties with mainstream services and systems that are used by all people, not just those in financial difficulty: electricity, telecommunications, water, transport and food supply and distribution. They were engaging in the market and finding that it did not meet their needs.

The findings of this report were also not unusual. They were consistent with the findings of similar surveys from across the country and with the vast literature on poverty, financial hardship and disadvantage. Report after report has raised these issues and it has become clear that more than small-scale efforts to ameliorate the impact of financial crisis are required. Therefore, while the recommendations in our reports usually focus on responding to each of the individual issues raised, this time, Anglicare is taking a different approach. The recommendations in this report step back from the detail of each issue and call for structural reform to tackle the broader causes of financial crisis. This approach also fits with the thinking that lies behind social inclusion approaches: responding to the whole of the problem, not just its symptoms.

In its submission to the recent State Government social inclusion strategy consultations, Anglicare argued that

> [a] social inclusion strategy must move away from the current system of special measures for disadvantaged people, delivered in the form of concessions, vouchers and food parcels, and move towards an approach which sets minimum service standards for products, services and infrastructure that, while available to all, are designed to suit people on low incomes (Anglicare Tasmania 2009b, p. 27).

This section of the report attempts to lay out the starting point for such a vision.

6.2.1. Incomes

Poverty, insufficient income and the reordering of expenditure: Saunders, Naidoo and Griffiths (2007, p. 17) define poverty, deprivation and social exclusion as follows: poverty exists when someone is 'lacking the adequate economic resources required to achieve an acceptable standard of living. Deprivation exists when there is an enforced lack of socially perceived necessities, or essentials. Social exclusion occurs when people do not participate in the key activities in the society in which they live.' Together, the three are 'distinct but overlapping concepts… [involving] restricted access to resources, lack of participation and blocked opportunities'.

When reviewing the analysis in this report, it becomes clear from the range of common, essential expenses that were problems for households and the degree to which households struggled to pay ordinary bills that one of the central difficulties facing participants was that their incomes were, even with the most careful and diligent budgeting, inadequate to cover the cost of essentials. They were indisputably living in poverty. This is not surprising when it is remembered that the majority relied exclusively on income support payments. As noted earlier, the majority of these benefits offer incomes that are well below even a conservative measure of the poverty line (Brotherhood of St Laurence 2007).

Various budgeting tools are recommended for low income earners. In relation to the promotion of pre-payment meters to low income electricity customers, Duggan and Sharam (2004) argue that the central aim of the meters is to 'reorder' household expenditure. By denying supply when the customer cannot pay (that is, the meter disconnects when the customer does not recharge it), the meter requires that the customer prioritise electricity expenditure over other items in their budget. The retailer gets paid first. This reordering 'comes in response to a competitive framework for utility provision [in Victoria] and, perhaps more importantly, *competition with non-energy utility service providers'* (Duggan & Sharam 2004, p. 23, emphasis added).

Duggan and Sharam's paper, which is subtitled 'the implications of the contest between private utilities and landlords for the non-discretionary income of vulnerable households' is focussed on the competition between landlords and electricity retailers for priority in low income earners' budgets, and is set in the context of a fully contestable electricity market. However, this attempt to reorder expenditure is not unique to electricity: it is extending into other areas. Hughes (2009, p. 23) notes the insistence placed by fringe lenders on repayment of their loans by direct debit, effectively ensuring 'first call on the borrower's income, before housing, food and other essentials are covered'. Pre-payment is a feature in telecommunications as well, with pre-paid mobile phones and, for some customers using 'Access for everyone' products, pre-paid landlines (Telstra 2008). In some cases, as with Aurora's Pay As You Go product, pre-payment is promoted as a budgeting solution. The Australian Government is calling for mandatory deduction through Centrepay, which is effectively a direct debit, of public housing tenants' rent, arguing that this will 'eliminate the risk of eviction due to non payment of rent' (Australian Government 2008, p. 36).

The proliferation of strategies to reorder household expenditure is occurring in the absence of any acknowledgement that the central reason why bills are not paid, rent is not paid and debt repayments are not made is that people do not have enough money to do all of these things every fortnight. If there is not enough money to cover every item in the budget, but households are forced to prioritise particular items, then there will always be an item at the bottom of the list that is not purchased in that fortnight. The findings of this survey and other research over the past decade (e.g. Flanagan, J 2000; TasCOSS 2009) is that the item at the bottom of the list is often food.

We need a different approach beyond recommending budgeting tools – one that recognises that first and foremost, people need adequate incomes that can cover the cost of essentials.

Adequate income support: A recent review of pension rates in Australia defined adequacy as 'a basic acceptable standard of living, accounting for prevailing community standards' (Harmer 2009, p. 8). But as Catholic Social Services Australia (2008, p. 11) points out, there are no benchmarks or standards in place to assess what this basic acceptable standard of living is, or what level of payment would be adequate to support it.

This does not mean that effort has never been put into developing such a benchmark. During the 1990s, the Department of Social Security invested in a major project to develop a set of indicative budget standards for Australia which could then inform decisions relating to the adequacy of income support payments. A budget standard is 'the amount needed by a particular household on average each week to attain and maintain a prescribed standard of living across a range of budget areas, including housing, energy, food, clothing, transport, health care and leisure' (Saunders et al. 1998, p. ii). The project developed two budget standards, one which would provide a 'modest but adequate' standard of living affording 'full opportunity to participate in contemporary Australian society' and one which 'may require frugal and careful management of resources' but would 'still allow social and economic participation consistent with community standards' (Saunders et al. 1998, p. iv). When the 'frugal' budget standard was compared to actual income support payments, the income required to attain this 'frugal' standard of living was shown to lie above the actual incomes provided by the social security system (Saunders et al. 1998, pp. 492-3).[43] The budget standards project was abandoned after the election of the Howard Government (Catholic Social Services 2008, pp. 8-9).

As Catholic Social Services Australia (2008, p. 10) puts it, '[a]dequacy is not just a problem for age pensioners and carers. It is a problem for anyone who has to rely on income support for extended periods of time'. Whiteford (cited in Catholic Social Services Australia 2008, p. 8) argues that 'the fact that the Australian benefits for poor families are generous compared to many other countries does not in itself mean that benefit levels are adequate, or that there is not a case for increasing them'.

The 2004 Senate inquiry into poverty and hardship found that for many people, income support payments were 'barely adequate' and failed to provide people with sufficient income to ensure a 'reasonable' standard of living. In particular, there was 'a pressing need to remove anomalies in the income support payments for allowees in comparison to pension payments'. The inquiry recommended that the Government introduce parity between allowances and pensions by increasing the base rate of allowances to the level of pensions and indexing them to 25% of Male Total Average Weekly Earnings. It stressed the urgency of this reform when it recommended that the Government 'consider the feasibility of introducing this reform by 2005' (Community Affairs References Committee 2004, pp. 97, 107). The recommendation was not implemented.[44]

Pension reform: In the 2009-10 Budget, the Rudd Government announced a series of reforms to Australia's pension system. The reforms were promoted as being 'principally focused on addressing the inadequacy of the single pension', and they were confined to specific payments, of which the Age Pension, the Disability Support Pension and Carer Payment are the most well-known.[45] The centrepiece of the reforms was a $30 weekly increase in the full single rate of these benefits, coupled with an extra $2.49 a week as part of a new Pension Supplement created by rolling together the existing Goods and Services Tax Supplement, Pharmaceutical Allowance, Utilities Allowance and Telephone Allowance. Couples

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[43] It must be acknowledged that the budget standards developed were indicative and the authors cautioned that the standards 'need further refinement before they are sufficiently robust to act as a basis for setting payment levels' (Saunders et al. 1998, p. 494).

[44] A dissenting report by Government Senators described a broad increase as a 'simplistic' response and claimed that the existing income support system was 'one of the best and most generous' in the world (Community Affairs Reference Committee 2004, pp. 442, 445).

[45] The other payments affected were the Veterans' Service Pension, Income Support Supplement, War Widow and Widowers Pension, Bereavement Allowance, Wife Pension and Widow B Pension.

on the full rate of the pension would receive an additional $10.14 a week as part of the new Pension Supplement (Australian Government 2009b, pp. 2, 5-6).

According to the Government, the reforms were shaped by a review of the pension system headed by the Secretary of FaHCSIA, Dr Jeff Harmer (FaHCSIA 2009g). The Harmer review concluded that '[o]n balance', the current package of assistance provided to pensioners was sufficient to provide couple pensioners living in their own homes or in public housing who did not face disproportionate costs associated with health or disability with 'a basic, acceptable standard of living' (Harmer 2009, p. 52). However, the difference between the rates paid to singles and to couples did not take sufficiently into account the extra costs paid by people living alone. The review called for changes to the single rate of the pension on the basis that it did not adequately reflect the actual cost of living and was too low relative to the couples' rate (Harmer 2009, pp. 22-3). However, the Harmer review had effectively excluded from its consideration the adequacy of a number of income support payments that actually provide lower incomes than the pre-reform single rate of the pension, such as Newstart Allowance and Youth Allowance. It had also excluded Parenting Payment, which for single parents, prior to the reforms, had been treated as a pension and paid at the pension rate.

As part of the reforms the Government also announced the development of new indexing arrangements for pension-dependent households, applied from 20 September 2009. The pension will increase regularly in line with either the Consumer Price Index or the new Pensioner and Beneficiary Living Cost Index (CPI), whichever is the higher. Currently, the pension is indexed against the Consumer Price Index, but is also not permitted to fall below a minimum of 25% of Male Total Average Weekly Earnings. Under the reforms, this minimum benchmark will increase to 27.7% (Australian Government 2009b, p. 7). It should be noted that allowances such as Newstart or Youth Allowance are indexed against the CPI only, with no minimum benchmark applying to keep them proportional to Male Total Average Weekly Earnings.

The Harmer review justified its focus on the Age Pension, Disability Support Pension and Carer Payment on the basis that they were different from other income support payments because 'the capacity of people on these payments to undertake full-time employment to support themselves is significantly curtailed. In addition, the community generally does not expect that people receiving these payments should be required to seek work to support themselves' (Harmer 2009, p. 1). This argument fails to take into account that seeking employment, in the present labour market, is not a cost-neutral activity. A person who is on such a low income that they are forced to go without food in order to make ends meet is not going to have the time, energy or resources to undertake the training, skills maintenance and travel that looking for paid work requires. A review of the social security system in 1986 found that there was no evidence that the basic income support needs of unemployed people were less than those of pensioners (Catholic Social Services Australia 2008, p. 15).

The Harmer-inspired reforms do recognise the genuine hardship experienced by some pensioners, such as Disability Support Pensioners, who have been identified in research as facing essential costs associated with their disability that are not recognised under current income support policy (Hinton 2006), and single Age Pensioners living in the private rental market (Standing Committee on Community Affairs 2008, p. 139). However, because the reforms have not considered the adequacy of all income support payments, only some, there are some unintended consequences. Effectively, in place of the two tier system of allowances and pensions, a three tier system has been created: allowances, pension-level payments such as Parenting Payment Single, and then 'super-pensions', such as the new Age and Disability Support Pensions. Without attention to the wider income support system, the reforms are likely to exacerbate inequalities between payment recipients such as the one highlighted in this report in section 3.2.3.

Catholic Social Services Australia (2008, p. 8) lists some of the arguments that have been used to 'divert attention' from the need to provide adequate income support, including that a job is the best path out of poverty, that there needs to be a balance between adequacy, incentives to work and the future sustainability of the income support system, that a range of other generous payments and in-kind benefits are provided and that payments have not declined in value because they are indexed against increases in the cost of living. They dispute these claims and describe the issue instead as '[a] question of political will' (Catholic Social Services Australia 2008, p. 23).

Recommendation 1

That the Australian Government increase all income support payments to a level sufficient to provide recipients with a basic acceptable standard of living and apply indexation accordingly. What constitutes a basic acceptable standard of living should be defined transparently and made public.

Recommendation 2

That the Tasmanian Social Inclusion Commissioner join with his counterparts or their nearest equivalents in other States and Territories and at a national level to advocate for such an increase in income support payments as one of the most effective strategies available to the Australian Government to promote social inclusion.

6.2.2. Food on the table

The Tasmanian Government's recent response to the Social Inclusion Commissioner's social inclusion strategy report argued that, 'it's pretty hard to be socially included if we're too busy trying to find the next meal for our children, trying to put a roof over our head, or worrying about how to pay our bills. Access to the basics is essential' (Social Inclusion Unit 2009b, p. 9). There is little that is more 'basic' than a meal on the table, yet three quarters of the participants in this survey said that they had missed meals in the previous year due to a shortage of money.

Section 3.3.1 of this report highlighted the complexity of the food security issue and argued that a comprehensive response that encompasses the full spectrum of food production, distribution and consumption was the only way to effectively tackle food insecurity in Tasmania. As the Social Inclusion Commissioner highlighted in his report, 'Tasmania has significant capability around food security. Both now and in the future, agriculture will be a major Tasmanian industry with huge potential to supply quality nutritious food so that no Tasmanian need go hungry' (Adams 2009, p. 28). However, it is important to stress that crisis-end responses do not resolve food security: they treat the symptoms, not the causes.

A food security council: The Commissioner recommended the establishment of a food security council with a legislated mandate to oversee the planning and delivery of a food security strategy. A body such as this, with responsibility for overseeing a strategic response, is one of the interventions discussed by Rychetnik et al. (2003) in their 'menu of options' for tackling food insecurity, although they use the term 'food policy coalition'.

According to Rychetnik et al. (2003, pp. 24-5), such coalitions or councils typically focus on some or all of the following activities: examining community food security and assessing the local food supply; identifying, reporting and publicising problems with the food supply and advocating for change; working with key stakeholders to develop and reform policies; overseeing the implementation of these developed or reformed policies; evaluating the effect of policies and actions; seeking funding and resources to support their activities and sustain improvements; and acting as a catalyst for food security projects led by other groups. The 'distinguishing features' of such councils are 'their strong focus on developing and implementing policies, and their diverse, broadly representative membership'. They tend to be more effective when they have ongoing rather than one-off project funding and are funded by 'mainstream sources that are widely recognised and perceived as credible'. The authors argue that such councils are 'potentially one of the most powerful interventions to improve a local food supply', but they can be 'challenging to establish and maintain, and should be undertaken as a long-term initiative (at least five years, but preferably 10-20 years)'. Their sustainability requires 'rigorous maintenance of the working group; attention to democratic processes – particularly when developing policy; accommodating the political nature of inter-sectoral action; and finding ways to overcome the political, organisational and structural barriers to change'.

The Commissioner's model, which has been adopted by the State Government in its response to the Commissioner's report, incorporates some of the elements of the model outlined by Rychetnik et al. The council would be responsible for a food security trust fund and for 'ensuring a more connected statewide supply chain system'. But as well as strategic responsibilities, the council would also be directly responsible for the delivery of statewide school-based provision of fresh food to school children, such as free school milk and school breakfast programs, for statewide food preparation programs incorporating nutrition education and budgeting skills and for community garden enterprises (Adams 2009, pp. 30-1; Stedman 2009b; Social Inclusion Unit 2009b, p. 11).

It is Anglicare's view that the research evidence calls for Tasmania's food security council to take a more strategic role rather than becoming involved in direct service delivery. It also requires a diverse membership that includes people from within government with the authority to ensure that action is taken and funding is allocated within departmental budgets in ways that support and promote food security rather than undermining it. It will also be important to include representation not just from the food and agricultural industry, health and human services and community service organisations, but also representatives with expertise and authority in infrastructure, urban planning, economic policy and transport. A legislative mandate (Adams 2009, p. 30) will assist in ensuring that the council has the authority and capacity to make a genuine difference. However, given the existence of a Community Nutrition Unit within the Department of Health and Human Services and the Tasmanian Food and Nutrition Policy which includes an explicit focus on food security, it will also be important to avoid duplication of effort and wastage of expertise. The State Government's response notes that the council's food security strategy will need to be consistent with the Tasmanian Food and Nutrition Policy (Social Inclusion Unit 2009b, p. 11). This is a promising start although it will be important to guard against the risk of prioritising 'easier' strategies such as the development of nutrition education programs over more difficult structural approaches such as ensuring local government takes food security into account when making decisions on urban planning and transport.

Recommendation 3

That the new Tasmanian Food Security Council incorporate the following elements:

- a legislative mandate providing it with clear authority and capacity to effect change;
- clear and transparent targets and performance indicators;
- a responsive and democratic approach that incorporates not only consultation with key stakeholders but also with communities, particularly people who are food insecure;
- a representative membership incorporating all key stakeholders from across the continuum of food production, distribution and consumption;
- a focus on strategic and structural issues rather than direct service delivery;
- long-term, recurrent operational funding;
- secretariat support, with sufficient resourcing, from within the Community Nutrition Unit;
- lines of reporting into key government departments that enable the council's work to translate directly into government policy and action; and
- the financial capacity to support direct service delivery by other groups where there is need.

6.2.3. A roof over your head

Public housing makes up just 5.5% of the housing stock in Tasmania (ABS 2006c), yet one third of the participants in this survey were living in public housing. Private renters were also over-represented, with 44.8% of participants living in the private rental sector despite private rental making up just 18.1% of Tasmania's housing stock (ABS 2006c). Section 4.1.2 of this report argued that private renters experience greater social exclusion than public housing tenants because the private rental market is designed to accommodate the needs of landlords rather than tenants and because of political neglect (Hulse and Burke 2000). But why is there such a concentration of disadvantage in public housing, which is supposed to be the solution to market failure and is the direct responsibility of Government?

Targeting: The targeting of the public housing system is now taken for granted. Housing Tasmania defines its key clients as 'people on low incomes with complex and/or multiple needs who cannot access appropriate housing without assistance' (DHHS 2009a, p. 46). But it has not always been this way. In 1935, when the *Tasmanian Homes Act 1935* established a housing division in the Agricultural Bank in order to provide housing on a rent-to-purchase basis, the target group was workers on moderate incomes (Hayward 1996, p. 10). The first Commonwealth-State Housing Agreement, in 1945, did not include a means test for public housing (cited in Hayward 1996, p. 15). At the end of the 1960s, only one fifth of tenants nationally were on incomes low enough to qualify them for discounted rents (Hayward 1996, p. 22). Now, however, things are very different. As at 30 June 2008, 9148 of the 11,492 households in Tasmanian public housing – 79.6% – were paying less than market rent (SCRGSP 2009, table 16A.1). In February 2007, just 435 households in public housing were on incomes that would render them ineligible for public housing were they to apply today and of these, only 196 were over the eligibility limit by $50 a week or more (Housing Tasmania 2007c, p.3). Public housing has become the housing of the most disadvantaged.

The restriction of public housing to those identified as most in need has had consequences. Public housing tenants are increasingly likely to be on income support and to have special needs due to health problems, mental illnesses or prior homelessness. The historic concentration of public housing in particular areas combined with targeting has resulted in entire neighbourhoods becoming sites of disadvantage, high unemployment and low income. It has also led to the increasing stigmatisation of public housing areas and of the tenure as a whole which has a direct and negative effect on residents.[46] It also excludes many people from the system, such as the working poor, because their needs are not seen as sufficiently complex.

To date, state housing authorities have responded to concentrations of disadvantage by promoting urban renewal and tenure diversification. But the long term effects of these programs on public housing tenants have been called into question (Luxford 2006, pp. 2-4; Arthurson 2002). Targeting is also counter-productive. Although there has been no systematic evaluation of the policy, housing workers have expressed concern about the sustainability of tenancies in such a highly-targeted system (Hulse & Burke, cited in Hulse, Phillips & Burke 2007, pp. 10, 14). And, for people trying to address complex issues such as drug or alcohol abuse or mental illness, exposure to other people with the same difficulties is unhelpful and can increase vulnerability to relapse.

[46] It is important to note that this is not a problem exclusive to the public housing system. As previously noted, Hulse and Burke (2000) have argued that private renters are just as likely to live in concentrations of disadvantage. See also Gleeson & Carmichael (2001, p. 8).

Targeting also occurs in an environment of restricted supply. Between June 1996 and June 2008, there was a 21% reduction in the number of public housing dwellings in Tasmania.[47] Even if targeting were relaxed, there would still be limited access to public housing for people not in urgent need because there are simply not enough houses.

All of this means that the public housing system is no longer able to function effectively as a public response to housing market failure for anyone but the most vulnerable and that many people who are in need of affordable housing and support are instead confined to the private rental market, where they face unaffordable rents, insecure tenure and high levels of social exclusion.

Public housing 'reform': At the time of writing, the future of Tasmania's public housing system is the subject of considerable speculation. In 2008, the Government contracted KPMG to conduct a review of affordable housing in Tasmania. The initial report from the review blamed Housing Tasmania's governance structure for many of the failings of the system and proposed the replacement of Housing Tasmania with one of three models: a housing association model, a state-owned company and a state-owned company with public benevolent institution (PBI) status (DHHS 2008c). The initial report was harshly criticised by the community sector for being inconsistent with the research evidence base (Shelter Tasmania et al. 2008). The review continues, and at the time of writing, the outcome is not known, but it seems likely that Housing Tasmania's governance structure will be massively overhauled and future government ownership of the housing stock remains uncertain.

However, the extensive research literature on this subject is clear about the source of the problems besetting the Australian public housing system. The two critical factors are the decision to target public housing to those 'in greatest need' without recognising that this would involve a decline in rental revenue and an increase in tenants' support costs, and the decision to reduce the base funding provided under the Commonwealth State Housing Agreement (e.g. Hall & Berry 2007; Atkinson & Jacobs 2008). This has created a situation where there is pressure on housing authorities to increase rents in order to maintain viability. However, this survey has shown that even 'low' rents do not keep tenants out of hardship. Changing Housing Tasmania's governance structure will do nothing to alter the situation. It will be at best a distraction and at worst will prove destructive and damaging for those the public housing system is established for: the tenants (Flanagan, K 2008a, 2008b). What is needed is a significant increase in funding and an increase in supply to allow Housing Tasmania the capacity to diversify the income base of

[47] On 30 June 1996, there were 14,647 public housing dwellings in Tasmania (SCRCSSP 1997, table 6A.40). As at 30 June 2008, there were 11,618 (SCRGSP 2009, table 16A.1), a reduction of 20.7%.

its tenants without compromising the need to house those 'in greatest need'. This will allow the public housing system to be an effective response, not just to the needs of the most disadvantaged, but to all people whose incomes or other special needs preclude them from being able to find affordable, secure housing on the open market.

Recommendation 4
That the Tasmanian Government retain the public housing system as a core government service, with appropriate recurrent investment to allow it to charge affordable rents, continue to offer security of tenure, operate sustainably, increase supply and improve support services for tenants.

Recommendation 5
That the Tasmanian Government commit to a policy of ensuring that rents in public and community housing remain affordable to tenants, with any revenue shortfall created by this policy to be met on a recurrent basis by the Tasmanian Government.

6.2.4. Corporatised and privatised services

Corporatisation and privatisation: Corporatisation is the process of establishing a government business as a separate entity that operates as a private sector business while retaining government ownership (Flanagan, K 2008a, p. 5). In theory, corporatisation is accompanied by legislation, regulations, licensing regimes, standards and codes in order to ensure that it does not lead to undesirable social outcomes, such as the increased social exclusion of vulnerable customers. However, if there are additional social policy outcomes a government wishes a corporatised business to deliver, the government can fund them via a community service obligation (adapted for private companies, as in the case of the now fully privatised Telstra, as discussed in section 3.3.7).

The definition of a community service obligation was given in section 3.3.5 (p.97, n.26): it arises when the Government 'specifically requires a public enterprise to carry out activities … which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors to generally undertake' (Industry Commission 1997, p. 7). The Tasmanian Government specifically requires the community service obligation to impose a net cost on the government business and specifically excludes activities undertaken in the pursuit of good corporate citizenship (Industry Commission 1997, pp. 7-8). Under s. 60 of the *Government Business Enterprises Act 1996*, government businesses can request that certain activities be recognised as community service obligations, although the activity must meet the definition of a community service obligation for the application to be successful. Community service obligations have been described by a federal parliamentary committee as providing essential services and as 'critically important in ensuring those services are provided to lower income and/or socially disadvantaged groups and to those in rural and regional areas' (SCFIPA 1997, p. 43). However, Quiggin (2001, pp. 21-2) has noted that the approach works better for quantitative matters (such as the requirements placed on Australia Post to provide mail delivery at a single, uniform rate within Australia or to provide a minimum number of postal facilities), but less well when the requirement is qualitative, such as requirements regarding the nature of services to be provided, because these issues are harder to specify contractually.

This research has considered the interaction between low income earners and a number of corporatised or privatised government services, including Aurora Energy, Metro Tasmania, Telstra, the Motor Accidents Insurance Board and the new water and sewerage corporations. However, a recent review of the corporatisation of government services (Flanagan, K 2008a) found that there are serious concerns about the appropriateness of a commercial model when services or products are to be delivered to disadvantaged people. These concerns include the fact that meeting the needs of disadvantaged clients requires robust community service obligations, which have not generally been provided in Tasmania. The review also identified two risks: that commercial objectives will be prioritised over social and community objectives, to the detriment of the most vulnerable, and that the use of commercial models for services which are essentially non-commercial and unviable without generous government subsidies can compromise the long-term sustainability and viability of the business (Flanagan, K 2008a). Indeed, it has been argued that the main change which corporatisation has brought 'is the abandonment of the idea that government business enterprises should pursue a social welfare objective. Like private sector managers, the managers of a corporatised public enterprise have a fiduciary obligation to maximise profits' (Quiggin 2001, p. 12). The State Government's policy on community service obligations, as expressed by Treasurer's Instruction GBE 13-114-04, requires that they be identified, justified, separately accounted for and funded out of the Consolidated Fund through the normal Budget process. Extraordinary interventions such as the one made by the Government in relation to Aurora's APAYG tariff cannot be expected as a routine response to decisions that disadvantage low income earners.

Tasmania's Economic Regulator currently has responsibility for setting maximum prices for a number of Tasmania's corporatised services. However, affordability is not one of the requirements the Regulator must take into account. This is because the intent of such pricing arrangements is driven by National

Competition Policy, which requires that the 'prime objective' of an 'independent source of price oversight advice' should be 'one of efficient resource allocation' (National Competition Council 1998, p. 16). The review report that underpins National Competition Policy expressed particular concern about government businesses using cross-subsidies to charge 'inefficiently low prices' to certain customer groups or to fund other community service obligations (National Competition Policy Review 1993, p. 281). Therefore under a corporatisation model, concerns about affordability are the responsibility of the State Government: if the State Government wants a corporatised service to be affordable to consumers, and efficient, cost-reflective prices are not affordable, then it must provide transparent community service obligation funding to that service for the specific purpose of improving affordability. The findings of this research suggest that the community service obligation funding being received by government businesses such as Aurora Energy or Metro Tasmania is not enough to guarantee that charges to users are affordable.[48] Below, the example of electricity demonstrates the effects of unaffordable essential services on the lives of customers.

Fuel poverty: The concept of fuel poverty[49] is gaining greater currency in Australia. Fuel poverty is 'the inability to afford sufficient warmth for comfort, health and quality of life' and can have negative effects on people's health and quality of life and children's educational outcomes. 'Sufficient warmth' has been defined as a temperature of 18 degrees Celsius or more for active individuals and 21 degrees Celsius or more for aged and less mobile individuals (Mallett 2009, p. 4). Being unable to afford heating would be one indicator of fuel poverty, although certainly not the only one. Twenty-one indicators are used to monitor fuel poverty in the UK (Richardson & Travers 2002, p. 20) and while not all of the 21 are appropriate to Australia, inability to heat the home is one of the more extreme and would produce a very conservative estimate of the real level of fuel poverty in the community or among a particular population group. This survey found that nearly three in five participants had been unable to heat their home in the previous year due to a shortage of money.

As noted in section 3.3.5, standard tariff customers who are experiencing difficulty in paying their bills can arrange a payment plan with Aurora. About 350 such plans are established each month, but only about 10% are successfully completed (OTTER 2008, p. 133). Financial counsellors report that the

[48] This was confirmed by the findings of Anglicare's review of corporatisation; the Public Trustee is another example where inadequate community service obligation funding has increased prices for vulnerable consumers beyond their capacity to pay (Flanagan, K 2008a, pp. 9-10).

[49] The terminology comes from the United Kingdom, where 'fuel' is less associated with running a car and more associated with heating the home. The Consumer Utilities Advocacy Centre describes the term as 'useful as it is recognised internationally to encompass a range of broader policy objectives, including housing and appliance energy efficiency initiatives and tariff structures' (Consumer Utilities Advocacy Centre 2004, p. 7).

reason for this is less to do with the amount of the repayment and more to do with the ongoing costs of usage. For example, the approximate breakdown of a 12 month payment plan for a $300 quarterly bill will be a usage component of $50 a fortnight and a repayment component of $12 a fortnight. A typical client will be unable to afford the usage component. This is not due to profligacy with electricity. Research suggests that most electricity usage in low income households is non-discretionary and that households have very limited capacity to reduce their costs by reducing their consumption (Langmore & Dufty, cited in WACOSS 2009, p. 12). As Energy Action Scotland (2004, p. 8) has concluded, improving insulation and heating efficiency will help to reduce the overall cost of running a home, but 'the underlying problem of poverty meaning that households just cannot afford to pay for fuel is very real'.

An inability to pay for usage can result in a household rationing their electricity usage. This is particularly the case in households using pre-payment meters as the penalty for usage beyond ability to pay is summary disconnection. Research in the United States found that people's inability to pay for electricity led to 'unreasonable' and 'dangerous' budgeting decisions, such as 'heat or eat', or going without medical treatment and not taking prescription medicines or taking them at lower than prescribed dosages (FSC 2001, p. 3). In the UK, research in the late 1990s found that one in five pre-payment meter customers said that they generally used less electricity than they needed to use (Ofgem 1999, p. 21). Another coping strategy is to compromise on other basic items to avoid going without electricity. A fifth (22%) of the respondents to a Tasmanian survey of APAYG customers said that they had put off paying for other essential household expenses to make sure they did not run out of electricity. These expenses included other bills such as water or gas (13% of all respondents), groceries and supplies (10%), food (8%) and rent and mortgage payments (2%) (Ross & Rintoul 2006, pp. 35-6).

What is 'affordable'?: If electricity, and other essential items, were genuinely affordable, what would this look like? The definition of 'affordability' is a complex area, as can be illustrated through the example of public housing rents. These rents are widely considered to be affordable because they are set below the housing stress benchmark of 30% of income. However, when Burke and Ralston (2003, pp. 20-2) used Saunders et al.'s (1998) second, more frugal budget standard, they found that 64.8% of households in public housing did not have sufficient income to attain even this frugal standard of living, despite their 'affordable' rents.

As Milne (c. 2003, p. 1) states,

> [b]eing affordable is not the same thing as being low-cost (though that helps); nor is it the same as being cost-effective (which may help) or sustainable… The essence of affordability lies in the resources that are available for a purchase. This means that affordability only has meaning when speaking of a certain group getting particular products or services.

Elsewhere, she argues that affordability includes elements of the 'ability to pay a price without suffering hardship' and the 'degree of need for what is bought', but notes that there is a 'big variation in people's needs as well as resources' (Milne 2003, p. 3).

In discussing the affordability of healthcare in the United States, Feder (2009, p. 21) argues that affordability 'must be defined broadly across multiple family types and income categories. … What is affordable for one family living at a certain income level, may not be affordable for another family living on the same income, depending on their financial responsibilities'. Generally, the understanding of affordability, in as disparate policy areas as the affordability of local government rates and the affordability of healthcare, is that it relates to the capacity to purchase the product or service without compromising expenditure on other essential items (e.g. Local Government Rates Inquiry Panel 2007, p. 183; Community Services Society of New York 2009, p. 1). The affordability or otherwise of a particular item must be considered in the context of all the demands on a household budget and the standard of living the household is able to achieve.

It can also be a mistake to assume that the amount people are paying at present, whether it be for rent, transport, food, energy or other utilities, constitutes 'affordable', and that any increase on present prices would be 'unaffordable'. Location is also important: Tasmania's regionally dispersed population, lower average incomes, colder climate and higher rates of socio-economic disadvantage may all play a part in contextualising 'affordability'.

Recommendation 6

That the Tasmanian Government fund modelling of what constitutes 'affordability' for low income households in Tasmania, including households with special needs, and that this modelling be undertaken with reference to the capacity of households to attain a basic acceptable standard of living.

Recommendation 7

That the Tasmanian Government ensure that 'affordability' for low income households, as defined by the modelling discussed in Recommendation 6, is included as a core community service obligation of corporatised essential services.

Recommendation 8

That the Tasmanian and Australian Governments review the funding levels of all community service obligations or like funding arrangements to ensure that they provide entities with adequate resources to effectively deliver their additional service obligations, including the obligation to deliver affordable prices to low income households.

Recommendation 9

That all essential services be provided with community service obligation funding or similar funding to ensure that they are able to provide all customers with a 'lifeline' tariff – a basic component of usage that is free to the user – so that no one need be disconnected from the supply of any essential services due to inability to pay.

Customer service standards: Another critical protection for low income earners in relation to corporatised services are customer service standards. These standards regulate the relationship between customers and government-owned businesses and therefore need to be appropriate to the needs of low income consumers. For example, it is important that the relationship described in the standards takes into account such issues as literacy and numeracy problems, reluctance to engage with authorities due to previous negative experiences and very low fixed incomes which result in constant 'juggling' of bills and delayed payment as a budget management strategy.

For example, Sharam (2003, p. 16) argues that electricity utilities should offer debt waivers to customers in hardship. She argues that this is actually a cheaper option than the cost of debt collection and is not necessarily to the detriment of the company – electricity is an essential good and people are lifetime electricity customers. This is particularly true in Tasmania, where there is monopoly provision. One or two bills waived over a lifetime makes little impact on the total profit stream from that particular customer.

Recommendation 10

That the State Government order a review of all customer service standards of corporatised essential services with particular reference to their capacity to meet the requirements of low income earners and households with special needs.

6.2.5. Concessions

Even if income support payments are benchmarked against some form of adequacy standard, and even if all corporatised and privatised essential services receive sufficient community service obligation funding to ensure that their products and services are affordable to low income earners, some people will still face financial crisis. These are households that are facing extreme levels of disadvantage, perhaps because they have complex needs or are going through a personal or family crisis. These households will continue to need additional support in the form of concessions, crisis services and special support programs. However, it is critical that these services and support systems are integrated with mainstream services and products rather than attached to them as discrete add-ons or people may find themselves permanently excluded from mainstream alternatives because they access concessional products.

The findings in this survey regarding participants' lack of knowledge of the electricity concession also point to the importance of ongoing and assertive promotion of concessions and support services to ensure that they are easily accessible to all low income earners and that all eligible customers are receiving their entitlements.

The State Government recently conducted a comprehensive review of its concession system. The review report acknowledged that concessions were 'an important part of the welfare safety net [and] … an important lever for assisting those persons experiencing social disadvantage and reducing the impacts of poverty' and cited a 1997 House of Representatives report which described concessions as 'designed to supplement income, allowing all Australians to use essential health care services and to maintain social living standards by ensuring access to electricity, heating, transport and telephone services…' (Department of Treasury and Finance 2008, p. 4). However, the terms of reference of the review did not include specific attention to whether or not Tasmanian concessions were adequate to ensure access to a particular service or product or to genuinely alleviate the impact of poverty. The fact that in this survey, 22.7% of the participants who were receiving the electricity concession were approaching emergency relief and financial counselling services specifically because of the cost of electricity bills and 22.8%

had had their electricity supply disconnected in the previous year would suggest that the electricity concession, at least, may not be reducing bills sufficiently to prevent hardship or guarantee access.

The Tasmanian community sector is calling for concessions for electricity, gas and water and sewerage services to be redesigned into a two-part structure including a capped percentage of consumption, with the rate and cap to vary depending on household size. In addition, the sector is arguing for indexation against price increases rather than CPI, a relatively larger consumption portion for applicable concessions to allow customers to save money by reducing their usage and new concessions for gas and non-reticulated water services (Our Island Our Voices 2009).

Recommendation 11

That the Tasmanian Government conduct a follow up review of all State Government concessions with specific reference to the following issues:

- the degree to which the amount of current concessions is effective in alleviating hardship or ensuring access to essential services;
- whether the structure of applicable concessions should move from a per-household flat rate to a two-part structure that incorporates a capped percentage of consumption to ensure larger households receive a fairer level of assistance;
- whether applicable concessions should be indexed against increases in the price of the particular product or service rather than against general price increases in the form of CPI; and
- whether there are any essential products and services for which concessions are not provided and if so, whether a concession is required.

Recommendation 12

That the Tasmanian Government allocate recurrent funding to implement the findings of the follow-up review of concessions, including to increase the rate of any concession found to be inadequate.

6.2.6. Debt

In 2007, the four main causes of personal bankruptcy in Australia were unemployment or loss of income (33%), excessive use of credit facilities (28%), domestic discord or relationship breakdown (13%) and ill-health or absence of health insurance (12%) (ITSA 2008, p. 9). Bankruptcy is an extreme consequence of difficulty with debt, but it is clear that Australians are becoming bankrupt for very ordinary reasons. Section 3.3.8 of this report briefly touched on the issue of a ‘right to credit’. For example, Hahn (1997,

p. 3) argues that access to affordable credit should be a citizenship right. The Australian Government is pushing for low income earners to be given access to more affordable forms of credit so that they do not need to resort to risky fringe lending products (FAHCSIA 2009e, p. 2). But if people's incomes are inadequate to obtain the essentials of life, should the focus of social policy be on facilitating access to those essentials through the provision of credit, or should it be on ensuring that incomes are sufficient to attain an acceptable standard of living? Is the focus on credit as the solution a function of a society in which debt is normalised rather than an evidence-based social policy response? The findings of this survey has shown that for some people at least, borrowing of any sort is not an option, however 'affordable' the credit.

Anglicare proposes a two-step response. The first step is expressed in the first recommendation in this chapter: the need for people to have adequate incomes so that they do not need to borrow to cover the cost of basic items for themselves and their families. If they choose to use credit, then it should be for items that are discretionary, not necessary. The second step lies in recognising that some people do find themselves with unmanageable levels of debt and in providing them with support that enables them to take responsibility for their decisions without pushing them further into crisis. This support might include long-term flexible payment terms, waivers in cases of extreme hardship or where the impact of repaying the debt is affecting other people, especially children, as well as community education programs to prevent over-commitment in the first place. Anglicare notes and welcomes the introduction of legislation into the national Parliament that includes more stringent provisions on lending standards, including the prohibition of 'the suggestion or provision of credit products and services that are unsuitable for the consumers' [sic] needs and that the consumer does not have the capacity to repay' (Bowen 2009).

Recommendation 13

That the Australian Government develops and promotes best practice guidelines for managing and responding to debt over-commitment on the part of low income earners and other people with special needs.

6.2.7. Underlying issues

One of the limitations of this research is the small proportion of participants who were financial counselling rather than emergency relief clients. This meant that the findings of the research would overwhelmingly reflect the experience of emergency relief rather than financial counselling clients. However, financial counselling clients were included in the analysis partly because their experience of financial crisis was no less valid and partly because there is increasingly an explicit attempt to make emergency relief and financial counselling two halves of the one service approach.

But this research also highlighted that the causes of financial crisis extend beyond those related to money. Many people in this report were dealing with issues that arose not from poor budgeting or lack of financial management but from disability, mental illness, poor physical health, domestic violence, addiction, legal problems, eviction and family breakdown. These issues are complex and in many cases inter-related, such as the connection between poor health and legal problems, but many emergency relief services in their current form, particularly the smaller services, do not have the capacity to respond effectively.

The frustration and burn-out experienced by many emergency relief volunteers arises in part from the reality that the causes of their clients' problems are not going to be solved by the provision of a food voucher (see Thompson 2007, p. 33), yet a food voucher is all that a service can offer. Governments are recognising this. For example, the Financial Management Program guidelines stress the importance of the provision of referrals by emergency relief providers to address the underlying causes of financial crisis.

Yet the reality is that the focus of the recent funding injections has been on the financial and budgeting side of the spectrum of issues facing clients. Ministerial statements have made this clear:

> We need a service continuum that stretches from basic emergency relief, to financial counselling and money management advice, to innovative approaches that help individuals build a nest egg of their own through structured or matched savings plans. … Crisis assistance will always be an integral part of our support but we need the flexibility to make the most of the enormous front door capacity of emergency relief. Because to break the cycle of emergency relief, the reach of this front door capacity must be extended to build longer term financial capability and resilience' (Macklin 2009).

This is contrary to the arguments of service providers and researchers. Pentland (2005, pp. 2, 4-5), in commenting that financial literacy is 'the flavour of the moment', warns against seeing it as '**the** answer, not part of **an** answer' (emphasis in original). She notes particularly the potential to 'blame the victim for "poor money management"' and calls for the 'excellent money management skills of many low income Australians' to be acknowledged. She argues that many financial counselling clients believe their problems are their own fault, the result of poor money management strategies, but that financial counsellors often discover other underlying reasons for their difficulties. Wise et al. (2009, p. 4) have called for an emergency relief service response that 'addresses the psychological, interpersonal and social dimensions of poverty and financial hardship'. King et al. (2009, p. 48) have called for the current 'transactional' emergency relief model to be replaced by a 'relationship' model that takes into account 'the whole need of the person'. They argue that even 'the basic ER plus model' (material assistance plus advocacy and referral) is no longer a sufficient option. Engels, Nissim & Landvogt (2009, p. 103) recommend the development of a 'responsive, sustainable, and integrated emergency relief sector' providing 'advocacy, referral to specialist services and information about rights and entitlements'.

The focus of the approach being suggested here would include attention to other issues, such as mental illness, disability, family breakdown, legal problems, drug or alcohol addiction, violence, unemployment and underemployment and housing instability. It would also recognise the impact that other kinds of life events can have: a new baby in the household, for example, was one of the six underlying issues in this survey most associated with hardship. This is about much more than assisting people to become better financial managers.

Most of the participants in this research experienced underlying issues, but most were also not receiving any additional support to assist them to work through their problems. This research found a lack of evidence of any early intervention: those most likely to be receiving support were regular service users and long-time income support recipients. They were people who had been in touch with the service system long-term, rather than those coming to it for the first time.

The need for the emergency relief sector to professionalise has been acknowledged and work is underway in Tasmania as well. It is important that the process of professionalisation recognises the role that small, locally-focussed services play in their community, as well as the role that can be filled by larger services with the capacity for internal referral to alternative forms of support. The diversity of the emergency relief sector is one of its strengths. However, it is also important that clients of small services receive the support they need. Anglicare welcomes the investment of funds by the Australian Government for the training of emergency relief workers to offer financial literacy education and budgeting advice (Macklin 2009), but calls for this training program to be expanded to incorporate the capacity to refer clients to other services and to support those clients to take the step of accepting the referral. Relationships of trust are particularly important when working with disadvantaged people.

A common concern in relation to the provision of formal training to volunteers is that it can represent a barrier to volunteering, especially if poorly designed or delivered (see Crowley et al. 2008, pp. 39-41, 54-5). However, this is not an adequate reason to support practices that may result in vulnerable people feeling disparaged or going away without the support they need (see Frederick & Goddard 2008). Other volunteer-based services working with very vulnerable people, such as telephone counselling services, have mandatory volunteer training. Because of the vulnerability of the client group, Anglicare believes that training programs for emergency relief volunteers need to be made compulsory. Ensuring that training is engaging, relevant and appropriate may even be an incentive for involvement as it will provide existing and new volunteers with the confidence, skills and knowledge they need to ensure that they are able to make a lasting difference in the lives of their clients rather than simply providing a band-aid.

Recommendation 14

That the Australian Government fund mandatory training programs for emergency relief volunteers that:

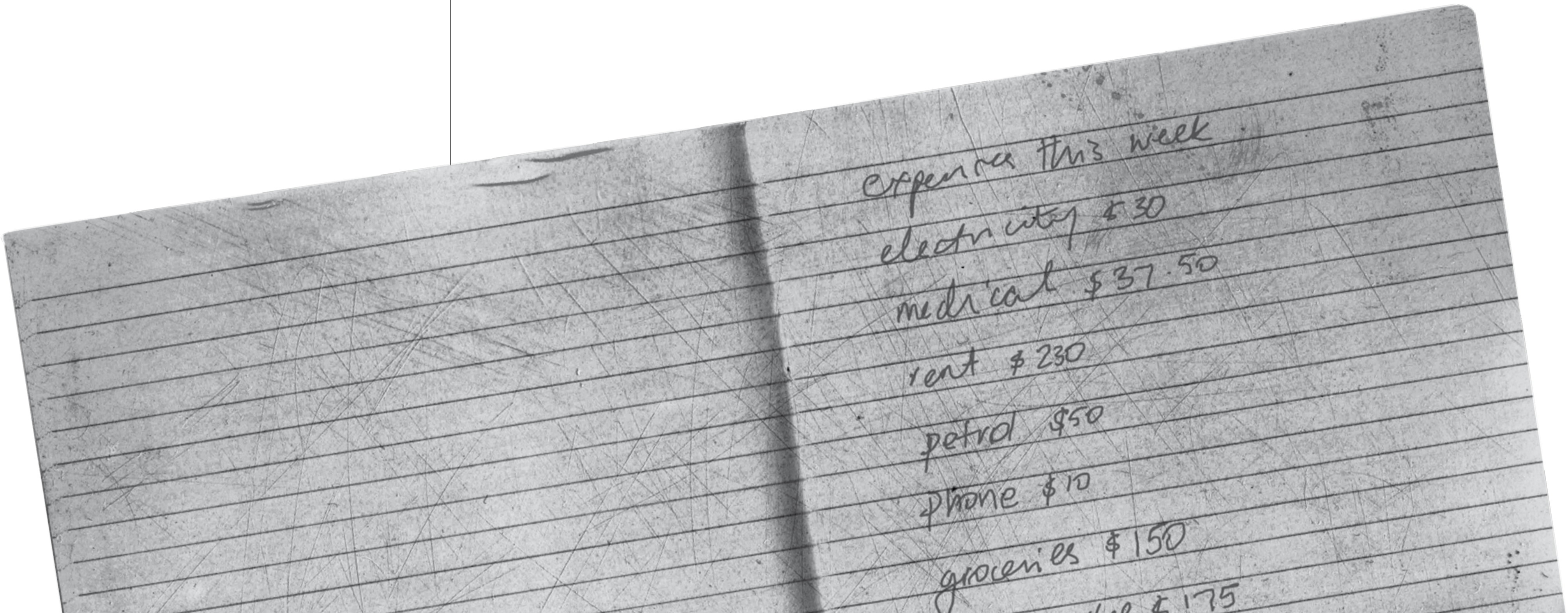
- provide workers with an understanding of the services available in their local area and what each is able to offer clients;
- allow workers to accurately assess the needs of clients and make appropriate referrals according to client need; and
- enable workers to support clients through the process of referral so that clients feel confident in taking the next step to access further support.

6.2.8. Ask the experts

At the start of this chapter, reference was made to the idea of 'products, services and infrastructure that, while available to all, are designed to suit people on low incomes' (Anglicare Tasmania 2009b, p. 27). If low income earners in Tasmania were asked to design their own electricity payment system, what they come up with? Aurora Pay As You Go, or something different? If they were asked to design their own public transport routes and timetables, what would our public transport system look like? What kind of public housing system would we have if public housing tenants were actively involved in housing management and development? The recommendations in this chapter have focussed on modifying existing products and services rather than developing new ones. Any attempt to completely redesign essential services to suit the needs of low income earners, rather than simply constructing a series of added-on, residualised or second-class products, needs to incorporate an ongoing process of consultation and dialogue with the low income customer base. A company that engaged in such a dialogue would be rewarded with considerable customer loyalty and considerable community goodwill.

Recommendation 15

That the Tasmanian Government allocate funds to selected corporatised essential services to pilot consultation programs with low income earners with a view to developing appropriate products and services to suit their needs.



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INFORMATION ABOUT THE SURVEY

We've been asked to help with a survey of people using emergency relief services around Tasmania this week. If you would like to take part we can go through it together now. It will take about ten minutes.

It is part of Anglicare's research, which is used to tell politicians how they can help people on low incomes with things like concessions, services and changes to the law. The information from the survey will be written up in a report which will be available here when it's finished in October 2009.

The survey is completely anonymous, so your name and contact details won't ever be used.

Some of the information the survey asks for is information you have already given us as part of your emergency relief assessment. If you don't want to go through it all again, you can give us permission to fill out those parts of the survey for you later based on what you have already told us. Otherwise, we can fill the whole thing in here and now.

If you don't want to take part in the survey that is no problem. It won't affect your access to this service or to any Anglicare services in any way.

Do you have any questions?

Would you be willing to participate?

1. How important are the following things in causing you to need emergency relief?

	A big problem	A bit of a problem	Not a problem	Not relevant to me/us
Rent payment	☐	☐	☐	☐
Mortgage payment	☐	☐	☐	☐
Electricity bill	☐	☐	☐	☐
Cost of wood (for heating)	☐	☐	☐	☐
Home phone bill	☐	☐	☐	☐
Mobile phone bill	☐	☐	☐	☐
Loan repayments	☐	☐	☐	☐
Debt to Centrelink	☐	☐	☐	☐
Food costs	☐	☐	☐	☐
Clothing costs	☐	☐	☐	☐
Cost of medical appointments	☐	☐	☐	☐
Cost of prescriptions	☐	☐	☐	☐
Moving expenses	☐	☐	☐	☐
Car registration	☐	☐	☐	☐
Car repairs/maintenance	☐	☐	☐	☐
Petrol	☐	☐	☐	☐
Other transport costs	☐	☐	☐	☐
Water costs	☐	☐	☐	☐
Other (please list) ______	☐	☐	☐	☐
______	☐	☐	☐	☐
______	☐	☐	☐	☐
______	☐	☐	☐	☐
______	☐	☐	☐	☐
______	☐	☐	☐	☐

2. From the above list, please circle the issue that is the main cause of financial crisis in your household.

3. Do you have money owing for any of the following? *You can tick more than one.*

Home loan	☐	Credit card	☐	Overdue electricity bill	☐	To family members	☐
Personal loan (with bank)	☐	Store card	☐	Overdue home phone bill	☐	To friends	☐
Personal loan (other)	☐	To landlord (overdue rent)	☐	Overdue mobile phone bill	☐		

Other (please list) ______________________________

4. In the past year, have you or any family member living in your household experienced any of the following issues?
You can tick more than one.

Family/relationship breakdown	☐	Domestic violence	☐
Chronic debt	☐	Legal problem / court appearance	☐
Mental illness	☐	Job loss	☐
Other serious illness	☐	Eviction	☐
Disability	☐	Housing repossession	☐
Serious accident	☐	Bankruptcy	☐
Drug or alcohol addiction	☐	Own business failure	☐
Gambling problem	☐	New baby	☐
Funeral expenses	☐	Came out of jail	☐
Came out of hospital	☐	Left out-of-home care (also known as foster care/state care)	☐

5. In the past year, <u>because of a shortage of money</u>, have any of the following happened for you?

Could not pay electricity or phone or gas bill	Yes ☐	No ☐
Could not pay rent or home loan	Yes ☐	No ☐
Pawned or sold something	Yes ☐	No ☐
Went without meals	Yes ☐	No ☐
Unable to heat your home	Yes ☐	No ☐
Had the phone disconnected	Yes ☐	No ☐
Had the power off	Yes ☐	No ☐

If you had the power off, was it off because the company disconnected it ☐

or because you couldn't afford to recharge your Pay As You Go Card ☐

6. To what extent is the following statement true for you?
"I worry about whether the amount of food I can buy for my household will be enough"

Always true ☐ Mostly true ☐ Occasionally true ☐ Never true ☐

7. <u>In the past two weeks</u>, what type of income have you received?
Please tick all your income sources in the past two weeks for you and (if you have one) your partner

Your income	Your partner's income
Did you have any paid work in the last two weeks? Yes ☐ No ☐	**Did your partner have any paid work in the past two weeks?** Yes ☐ No ☐
If yes, was it full time ☐ part time ☐	**If yes,** was it full time ☐ part time ☐
was it casual ☐ permanent ☐	was it casual ☐ permanent ☐
Were you self-employed? Yes ☐ No ☐	Were they self-employed? Yes ☐ No ☐
If yes, what kind of business? ________	**If yes,** what kind of business? ________
Did you get any income from Centrelink?	**Did your partner get any income from Centrelink?**
Parenting Payment Single ☐	Parenting Payment Single ☐
Parenting Payment Partnered ☐	Parenting Payment Partnered ☐
Newstart Allowance ☐	Newstart Allowance ☐
Youth Allowance ☐	Youth Allowance ☐
Age Pension ☐	Age Pension ☐
Disability Support Pension (DSP) ☐	Disability Support Pension (DSP) ☐
Other (please state) ________	Other (please state) ________
If you received the DSP, is your disability:	**If they received the DSP**, is their disability:
physical ☐ psychiatric/mental health ☐	physical ☐ psychiatric/mental health ☐
learning/intellectual ☐ acquired brain injury ☐	learning/intellectual ☐ acquired brain injury ☐
other (please state) ________	other (please state) ________
Other income source (please state) ________	**Other income source** (please state) ________
No income at all ☐	No income at all ☐
If no income at all, please state why ________	**If no income at all**, please state why ________

8. How long have you been receiving your main Centrelink payment? ________

9. If you are on a Centrelink payment, are you or your partner currently on a reduced rate of payment?

You Yes ☐ No ☐ **Partner** Yes ☐ No ☐

If yes, what is the reason for the reduced rate?

You	Partner
Paying back Centrelink Advance / loan ☐	Paying back Centrelink Advance / loan ☐
Paying back debt to Centrelink ☐	Paying back debt to Centrelink ☐
Have been breached by Centrelink ☐	Have been breached by Centrelink ☐

10. Gender Female ☐ Male ☐

11. Age ________

12. Postcode ________

13. Have you ever applied for emergency relief before? Yes ☐ No ☐

If yes, how many times have you used emergency relief in the past 12 months (excluding today)? ________

14. How often does your household have financial problems?

- This is the first time ☐
- Now and then ☐
- Regularly ☐
- Always ☐

15. Do you identify as an Aborigine or Torres Strait Islander? Yes ☐ No ☐

16. Are you from a non-English speaking background? Yes ☐ No ☐

17. Which country were you born in?
Australia ☐ Other (please state) ________

18. If other, did you arrive in Australia on a refugee visa? Yes ☐ No ☐

If yes, how long have you lived in Australia? ________

19. What are your current household living arrangements?

- Single person ☐
- Couple with no children ☐
- Couple with children ☐
- Single parent with children ☐
- Extended family ☐
- Share house ☐

Other (please state) ________

Number of dependent children usually living in the household ________

20. What sort of housing do you live in?

- Renting from Housing Tasmania ☐
- Private / other rental ☐
- Buying home (mortgage) ☐
- Own home outright (no mortgage) ☐
- Boarding house / hostel / pub-top ☐
- Caravan / cabin ☐
- Crisis accommodation ☐
- Staying with friends or family short-term ☐
- Sleeping rough / in car ☐

Other (please state) ________

21. What is your fortnightly rent / house payment?
$ ________

22. Has your rent / house payment increased in the last year? Yes ☐ No ☐

If yes, by how much has it gone up per fortnight?
$ ________

23. How many times have you moved house in the last two years? ________ times

24. Do you hold a

- Pension Concession Card ☐
- Health Care Card ☐
- Neither ☐

25. Does your household currently receive a concession on electricity bills?

- Yes ☐
- No ☐

If no, why not?

- Don't know about it ☐
- Account holder not eligible ☐

Other (please state) ________

26. What is the current method of paying electricity bills in your household?

- Pay As You Go meter ☐
- Direct debit ☐
- Centrepay ☐
- Regular account paid on due date ☐
- On a payment plan arrangement with Aurora ☐

Other (please state) ________

27. Do you have a

- home phone ☐
- mobile phone ☐
- no phone at all ☐

28. If you have a mobile phone, what is your current method for paying for your mobile phone?

- Pre-paid / pay-as-you-go ☐
- Direct debit ☐
- Centrepay ☐
- Regular account paid on due date ☐

Other (please state) ________

29. Are you or anyone in your household currently receiving any other support services?

- Yes ☐
- No ☐

Thank you very much for your time in completing this survey.