

Submission to the

Inquiry into Poverty in Australia

ANGLICARE
TASMANIA

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Profile of Anglicare Tasmania

Poverty in Tasmania is an entrenched and long-term problem. Research conducted in this state has consistently shown high levels of hardship and exclusion. Anglicare Tasmania firmly believes that social policy changes can modify and ameliorate the effect of poverty on low-income households.

Anglicare Tasmania is the largest state-wide community service organisation in Tasmania. It operates under the auspices of the Anglican Church and is part of Anglicare Australia. Anglicare has offices in Hobart, Glenorchy, Launceston, Devonport and Burnie and provides a range of community services throughout Tasmania including many outreach services to rural areas.

In operation since 1983, Anglicare employs over 300 staff and has developed strong networks and relationships with peak bodies, ministerial advisory committees, local inter-agency networks, other community service agencies, Commonwealth and State governments and the broader community.

In 1995 Anglicare established a Social Action and Research Centre (SARC) which engages in research and policy development. SARC's role is to engage in social action, policy development, advocacy and public debate based on appropriate research. Its focus is Tasmanians living in poverty. It has published research on the participation of children from low income households in the state school system, models of credit and grant schemes to assist people on low incomes, the problems facing people on low incomes in the private rental market, the cost of living in Tasmania, the State concessions system, and the issues confronting the Tasmanian labour market. The recommendations from these reports have led directly to positive intervention by the Tasmanian State Government in areas most affecting low income Tasmanians. This submission draws heavily on this original research.

SARC exists to support Anglicare's mission to achieve social justice and provide the opportunity for people in need to reach fullness of life. SARC's work is informed by the direct experience and involvement Anglicare has developed through its community service work.

Anglicare Tasmania welcomes this inquiry into poverty in Australia. In the context of national policy debates dominated by the experiences of Sydney and Melbourne, this submission seeks to provide information about the impact of poverty on Australia's fringes.

For further information about this submission please contact:

Jo Flanagan
Manager
Social Action and Research Centre
Anglicare Tasmania
GPO Box 1620
Hobart Tasmania 7001
Ph: 62 34 3510
Fax: 62 31 6480
j.flanagan@anglicare-tas.org.au

Introduction

This bulk of this submission will address the question of the impact of poverty in Australia's regions, focussing on the state of Tasmania. Certain factors impacting on the experience of poverty, for example the very low incomes available to people dependent on Centrelink payments, particularly those dependent on Newstart Allowance, Youth Allowance and Austudy, are being experienced nationally. However, there are particular contextual issues at play in the regions, which make the experience of poverty there particularly acute.

1. The extent, nature and financial cost of poverty and inequality in Australia: the poor and the working poor

National research confirms that over the past 30 years there has been a significant shift in the types of groups which are most likely to be living in poverty. When Professor Ronald Henderson did his ground-breaking work examining poverty in Australia in the early 1970s the major groups of concern were aged pensions and people receiving the single parent's pension. National Centre for Social and Economic Modelling (NATSEM) has estimated that the aged account for only about 6% of households living in after-housing poverty, single parents still account for 14% of households living in poverty but the major groups living in poverty in Australia today are the working poor (24%), unemployed (23%) and other recipients of government benefits (15%) (NATSEM, 2000).

Single people on unemployment benefits and young people receiving Youth Allowance experience the deepest poverty, with incomes 22% and 33% below the poverty line respectively (ACOSS, 2000).

The gap between the working poor and the unemployed has blurred over time with workers no longer likely to make the transition from unemployment to casual and then full time work. Buchanan and Watson (2000) outline a dynamic account of the labour market which illustrates even more clearly than the traditional static account the precarious nature of the labour market for those at the "bottom end" in Australia in the mid 1990s.

Table 1. Static vs Dynamic Account of the Labour Market

Static Account	%	Dynamic Account	%
Unemployment rate (percent of the labour force)	9	Looking for work during the year (percent of those in working age population)	23
Incidence of long term unemployed (percent of unemployed)	33	Job search periods lasting more than a year (percent of all jobseekers)	46
Marginally attached to the labour force (percent of the labour force)	8	Period of absence from the labour market (Percent of those in working age population)	27
Casualisation rate (percent of employees)	25	Working in jobs that were not permanent (percent of all wage & salary paying jobs)	39

(Source: Buchanan & Watson, 2000)

In their analysis these researchers found that:

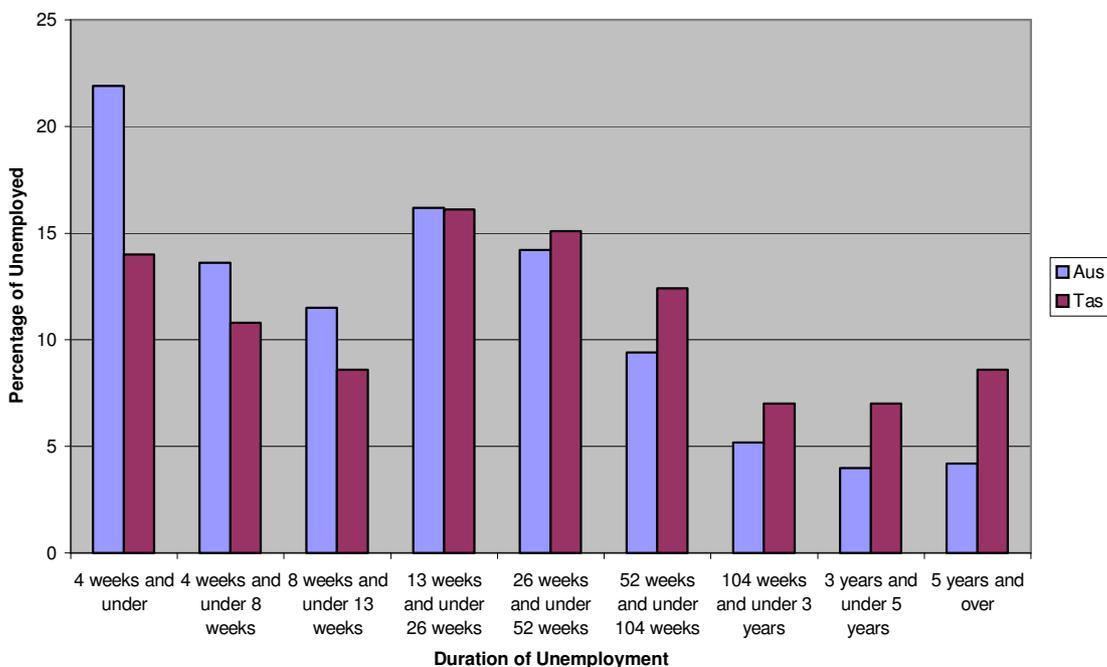
“The most vulnerable workers in the labour market today include the unemployed as well as the large number of low paid workers in employment. These are the workers most likely to suffer labour market churning: to move between a succession of short-term low paying jobs and, to move in and out of employment, or to move in and out of the labour market.” (Buchanan & Watson, 2000, p 17).

The number of Tasmanians qualifying for Health Care Cards on the basis of low income (but not receiving any other Centrelink benefit) has increased by more than 2000 since 1999 to 10,500 in December 2002. Additionally, a look at Centrelink figures in a one month period shows that just over 25% of current or suspended Tasmanian jobseekers (recipients of Newstart Allowance or jobseeking Youth Allowance recipients) received income from employment in that month (August 2002, Centrelink data). This group includes most of the poorest of the working poor, with casual or part-time incomes at a sufficiently low level that they must also continue to rely of unemployment benefits.

Research conducted with individuals from ‘job poor’ and ‘job less’ households in Tasmania has revealed that many of these workers are not completely detached from the labour market – they are often engaged in casual and sporadic labour. This research indicates that people with this marginal level of attachment, while officially removed from the long-term unemployment figures, do not consider themselves employed until their earnings are of a sufficient level to completely remove their dependence on Centrelink benefits (Madden, forthcoming).

Tasmania has experienced two decades of poor economic performance which has left a legacy of high unemployment, particularly long-term unemployment. As shown in Figure 1, the pattern of unemployment in Tasmania is strongly skewed towards long-term and very long-term unemployed, compared with the national average. It is of particular concern that almost 10% of Tasmania’s unemployed have not had any paid work in the past 5 years.

Figure 1. Duration of Unemployment for Tasmania and Australia 2002



(Source, ABS unpublished)

2. The extent, nature and financial cost of child poverty in Australia

Child poverty, whether measured in relative or real terms, varies widely across the industrialised countries. Comparisons of international child poverty rates have measured steady trends towards low rates of child poverty in Nordic and Northern European countries and high rates of child poverty in Southern European countries, the US, the UK and Australia (Bradbury, 1999).

Australian studies have repeatedly confirmed that Australia has a relatively high child poverty rate. Using the half average family income poverty line, NATSEM has estimated that 14.9% of all Australian children are living in poverty (Harding et al, 2001). NATSEM has concluded that while progress was made in the first half of the 1990s in the fight against child poverty (due to the introduction and growth of government cash transfer programmes to assist low income working families with children and the introduction of the child support scheme) these gains were fully eroded during the second half of the 1990s.

Analysis of child poverty indicates that the average dependent child in poverty in Australia:

- Lives with both of their parents, both of whom have no educational qualifications
- Is aged less than 13 years;
- Lives with one or two brothers or sisters;
- Has Australian-born parents who have bought or are buying their own homes;
- Has at least one parent who is earning income, but with earnings being low due to (primarily) self-employment or (less often) low wages; and
- Lives in a family whose principal income source is government cash benefits.

(Harding & Szukalska, 1998)

It is clear that cash transfers by states to poor families are important for their living standards. The UK and Australia provide quite substantial income transfers to the families of their most needy children. However, the living standards of these children remain relatively low, indicating that labour market incomes play a critical and complementary role in raising families out of poverty (Bradbury, 1999). In Australia the impact of the labour market is clearly critical. Harding and Szukalska combined employment and family characteristics to group almost all poor children into one of four categories. Essentially, they concluded, a child is poor in Australia because either:

- The head of their family is unemployed;
- The head of their family is a sole parent;
- One or both of their parents is self-employed; or
- One or both of their parents earns wages and salaries but is part of the 'working poor'. Two-thirds of all those belonging to this group have a parent who is a 'low wage earner', earning less than \$10 an hour.

(Harding & Szukalska, 1998)

The categories identified by Harding and Szukalska suggest that improvements in unemployment rates, wages for parents and improvements in mothers' employment in lone parent households should be a central focus of policy efforts

to increase children's living standards. Family support policies such as childcare subsidies are central to these improvements.¹

The dimensions of the problems caused by widespread poverty are glimpsed in the educational outcomes faced by disadvantaged children. Four out of ten children in the Tasmanian public school system come from families sufficiently disadvantaged to qualify for the Student Assistance Scheme (STAS), a means-tested grants scheme that offsets all levy costs faced by parents enrolling their child in full-time education. The sheer numbers of students from backgrounds of low socio-economic status and the impact of the slide into fee paying in public schools has been acknowledged by the State Government and addressed with increases to the STAS programme in successive budgets. However the relationship between socio-economic status and the academic performance of children remains a concern. Successive Australian studies have shown that children from families of low socio-economic status are more likely to:

- Have lower levels of literacy, numeracy and comprehension;
- Have lower school retention rates;
- Have lower rates of participation in higher education;
- Exhibit higher levels of problematic school behaviour (eg truancy);
- Are less likely to study specialized maths and science subjects;
- Are more likely to have difficulties with their studies and display negative attitudes to school; and
- Have less successful school to labour market transitions.

(summarised in Zappala & Considine, 2001)

The 1998 National Report on Schooling In Australia concurred with these findings on the correlation between social background and educational inequality when it found that students from low-income homes are more likely to have poorer academic results, to be absent from school more often and to leave school earlier than their richer peers (MCEETYA, 1998). These issues are particularly acute in Tasmania where there are high levels of youth unemployment, and, compared with mainland states, low levels of participation in education by 15 – 24 year olds and extremely low participation rates in TAFE and University education (Australian Social Trends, 2001).

Section 2: Recommendations:

- That children from socio-economically disadvantaged groups no longer be treated as an equity group by Governments but recognised as a sizeable proportion of the public school population.
- That tackling poverty, inequity and disadvantage within the schooling system become the policy development priority of State and Federal Governments and State education authorities.
- That greater funding is provided for initiatives tackling poverty, inequity and disadvantage encompassing preschool, primary and secondary education, TAFE and tertiary education.

¹ Using the definitions of unemployed head of family, sole parent head of family and eligibility for the Low Income Card it is possible to calculate that in Tasmania, 24,730 children are dependent on parents who fall into the categories identified by Harding and Szukalska (Centrelink, 2002). This is around 25% of the 0 – 15 year olds in Tasmania (ABS, 2001). It does not include those children whose parents or carers are dependent on a range of other Centrelink benefits.

- That the Commonwealth re-establish targeted funding directed to schools experiencing the highest levels of collective disadvantage in their school communities.
- That the Commonwealth reassert its support for the provision of public education and halt the trend towards the disproportionate direction of funds to private education.
- That 'voluntary fees and levies' paid by parents must be genuinely voluntary. Failure to pay must not lead to exclusion from courses, educational activities or curriculum.
- That Departments of Education and schools are encouraged and supported to prioritise socially inclusive curriculum and policies.

3. The extent, nature and financial cost of poverty in Australian communities and regions

Tasmania's chronically high level of unemployment has been accompanied by significant growth in the rate of long-term unemployment and reliance on social security payments. In 2001, 40% of Tasmanians relied on Commonwealth Government pensions and benefits as their main source of income. This figure vastly exceeds the national average of 28% and even dramatically exceeds the second most reliant state, South Australia at 30.8% (ABS, 2001). A further 10,500 Tasmanians who are employed are on sufficiently low incomes to qualify for Low Income Cards, indicating that they are the 'working poor' (Centrelink, Dec, 2002).

3.1 Employment/unemployment

The social and economic problems experienced in Tasmanian are crises caused by long-term disadvantage. The structural changes in the economy and labour market at the end of the 1970s marked the start of a sudden and steep decline from a situation where Tasmania had been on a par with the national average on several important indicators including the unemployment rate (of around 6 %) and average weekly full-time earnings for men and women (ABS 6203.0, ABS, 6302.0). Looking at ABS data over time Madden reported that this abrupt departure from the national average on a range of income and employment measures has not been reversed, indeed Tasmania continues to experience a relative decline on indicators such as household per capita income. Madden indicated that it is now 20 years since the annual rate of unemployment in Tasmania has been below 8 per cent (Madden, 2002).

"Most people don't have any idea of what it is like living on a low income, especially in the long term - 1, 2, 15 years. You don't have anything left for the emergencies." (Anglicare research participant, quoted in Flanagan, 2002)

Currently, Tasmania's unemployment rate is 8.6% compared to a national unemployment rate of 6.1%. The extent of further, hidden unemployment is partially revealed by the participation rate, which in Tasmania, at 58%, is the lowest in the country compared with a national average of 63.8% (ABS, 2002). This suggests that there are large numbers of people who have given up on the labour market and are no longer looking for work, or have retreated into rounds of training which is not necessarily matched to labour market shortages.

For those who are unemployed, this reliance on less than subsistence income is long-term. Centrelink statistics for December 2002 show that 58% of Tasmanians receiving Newstart Allowance have been on the benefit for a year or more and almost 40% of Newstart Allowees have been in receipt of the benefit for two years or more. Barriers to re-entering the workforce increase significantly with the length of time people are disengaged from the labour market and the current

suite of federally funded labour market programmes have made little impact on the numbers of long-term unemployed.

Recent labour market trends mean that even when people do find some work it is often casual or part-time. The indistinct divisions between the 'unemployed', those in casual work and that group now called 'the working poor' is examined in Section 4 of this submission.

Poverty worsens the longer people remain on jobseeker allowances. Tasmanian data supports national findings about the high level of poverty experienced by jobless and job-poor households. Last year the Tasmanian Department of Health and Human Services released a detailed study of economic wellbeing in Tasmania based on data from a survey of 15,000 Tasmanians (The Healthy Communities Survey). The report identified a range of indicators that made a contribution to the economic wellbeing of individuals and households, for example income levels, food affordability, the ability to raise \$2000 in a week for an emergency, debt levels and access to transport.

This survey reported that 26.8% of unemployed Tasmanians worry about the amount of food they buy being enough for the household. Those in casual employment had a rate of worry on this item more comparable to groups that are not in the labour force, rather than those in paid employment (DHHS, 2001).

Long-term reliance on unemployment benefits causes particular hardship as the benefit was originally designed to provide short-term assistance to workers who were between jobs rather than long-term support. Recipients describe a situation of quickly running down any savings they may have, then struggling to afford even the ordinary essentials. Big bills such as the electricity account and emergency expenses are often impossible to cover without plunging the household into financial crisis.

3.2 The States' response to poverty– the concession system

The Commonwealth social security system is set up with two main concession cards: the Pension Concession Card and the Health Care Card. As shown by Table 2 income support payments by the Commonwealth to people holding Pension Concession Cards are higher than for comparable individuals holding Health Care Cards. All pensioners, including part-pensioners (who may be receiving only a very small pension to supplement their retirement income) are eligible for Pension Concession Cards. Health Care Cards have much tighter income qualification criteria. It is Health Care Card holders, who are on the lowest incomes, who have the greatest need for assistance through the state concession system.

Table 2 Comparison of Pensions and Concessions

	Pension Concession Card	Health Care Card
Major groups holding card	Aged Pensioners; Disability Support Pensioners; Single Parents	Newstart Allowees; Youth Allowees; Sickness Benefit recipients
Annual income for a single adult (no children) with no other income as at October 2002	\$11,165 (pension)	\$9,750 (Newstart)
Percentage increase in payment since October 2001	4.6% (pension)	2.8% (Newstart)
Annual maximum allowable income to qualify for card (single adult, no children)	\$31,300	\$17,050

(Source: Centrelink)

The Federal Government has been pushing for the extension of State Government concessions to a third group of cardholders - retirees holding Commonwealth Seniors Health Care Cards (CSHC). These cards are provided to people who do not qualify for the Aged Pension due to their income and assets but who earn \$50,000 or less (singles) or \$80,000 or less for couples.

This has significant implications Australia-wide for state concessions systems, one of the few ways in which States can target relief to those most at need in the community, as it will shift the focus of these concessions to more affluent members of the community without any compensating ability to ensure greater access to people on the lowest incomes.

State Governments have been slow to review their policy responses to the shifting patterns of disadvantage of the last three decades. In Tasmania the current State Government concessions system remains geared to those income support recipients who are in receipt of the Pensioner Concession Card in spite of these recipients being relatively more affluent than those unemployed, youth, students and low income working households who are eligible to receive the Health Care Card. This arrangement is a reflection of the historical assumption that pensioners would be on income support for long periods while people who were unemployed would only face a short period of reliance on benefits.

After extensive lobbying by the welfare sector, which argued the need for electricity for heating, the high cost of domestic power in Tasmania, and the wealth of quantitative and qualitative research demonstrating that electricity bills were the major cause of financial crisis for low income Tasmanians (see for example, Anglicare, 1999), the Tasmanian State Government last year committed to extend half the electricity concession currently available to Pensioner Concession Card holders to Health Care Card recipients. Further lobbying will be required to ensure equity for Health Care Card holders.

Section 3:2 Recommendations

- That the Commonwealth Government work in partnership with the State Governments to standardize the concessions system across the Commonwealth.
- That the Commonwealth reassert the role of the State Concessions system as a means of targeting relief to the most disadvantaged people in the community.
- That the Commonwealth work to ensure States achieve equity of access to the concessions system between those on the lowest incomes as a first step before extending the concessions to middle income earners.
- That in particular, State and Territory authorities should provide the same travel concessions to all jobseekers who are receiving a Centrelink Allowance, irrespective of whether it is a full- or part-rate allowance.

3.3 The financial stress faced by low income Tasmanians

The difficulties Tasmanian low income earners face in meeting the ordinary costs of living and particularly with bigger expenses are also clearly demonstrated in quantitative data collected by the ABS as part of their household expenditure survey.

Table 3. Indicators of Financial Stress

Question	Tasmania (per cent)	Australian Average (per cent)
Went without meals due to shortage of money	4.7	2.7
Could not pay utility bill due to shortage of money	17.3	16.1
Unable to heat home due to shortage of money	3.1	2.2
Sought assistance from welfare/community organizations due to shortage of money	5.4	3.5
Pawned or sold something due to shortage of money	7.2	4.2
Rated present standard of living as worse than 2 years ago	31.1	26.1
Household can't afford to have a holiday away for at least one week a year	36.2	27.4
Household can't afford a night out once a fortnight	23.3	19.5
Household can't afford to have a special meal at least once a week	12.9	11.7
Household members buy secondhand clothes most of the time because they can't afford new clothes	13.9	11.8

(Source: ABS, HES unpublished)

The consequences of this widespread disadvantage are manifold. In an era characterized by an increased onus on user pays, low levels of family savings and high levels of personal debt, one of the most characteristic impacts of poverty is the inability of individuals and families to access financial resources in a crisis.

The Healthy Community Survey, in its examination of a range of indicators which made a contribution to the economic wellbeing of individuals, found that 10.2 %, or 31,880 adult Tasmanians worried about being able to buy enough food for their household, and 9 % of Tasmanians were unable to purchase prescriptions ordered by their GP because of financial constraints (DHHS, 2001).

Findings in this survey about the ability to raise \$2000 in a week for an emergency provide a clear illustration of the impact of Tasmania's pervasively low incomes. Just over 40% of survey respondents (representing almost 129,000 adult Tasmanians) indicated that they would not be able to raise this amount of cash in a week. This statistic means that not only are low income earners unlikely to have access to their own emergency funds but it is very likely that their family and friends are in a similar situation and will be unable to assist in times of crisis.

"My sister had severe stomach pains and went to the Royal, we waited two hours and they turned her away because they said she should see her GP. She didn't have any money to go a doctor. She had to wait two days for her (Centrelink) payment before she could go to the doctor. I would have given her the money to go if I had it but there is no spare money." (Anglicare research participant in Flanagan, 2000)

People in low income households experience a constant underlying insecurity about what they will do if they need to meet a major financial responsibility. Major car repairs, the breakdown of a fridge or funeral expenses are the types of expenses which have the potential to cause a severe financial crisis for such households. This anxiety about financial capacity is reinforced by the research finding that 23.6% of Tasmanians felt that they often lacked control over their financial situation and 31% experienced difficulty meeting their financial needs, particularly in the payment of utility bills (DHHS, 2001).

"You know that you have a set amount to live on and if you budget really well you can manage when things are going smoothly, but then something hits you out of the blue – big bills, extra expenses, the car blows up." (Anglicare research participant in Flanagan, 2000)

"I've had days when I've gone without food to feed the kids. I've done that a lot, you get used to it. It probably happens every couple of months – when the Hydro bill comes in." (Anglicare research participant in Flanagan, 2000)

3.4 The high cost of living in Tasmania

Tasmania's high level of income poverty is accompanied by very high costs for the essentials of life. A quick scan of the expenditure areas which constitute the bulk of average expenditure for Tasmanian households demonstrates how low incomes and high costs act together to make many Tasmanians 'paupers in paradise'.

Low income Tasmanians experience the highest costs in the country for groceries and electricity (Choice, 1998, 2000; ESSA, 2001). The chimera of Tasmania's cheap housing market is a cruel myth for Tasmania's lowest income earners. Housing costs for those in public rental are almost identical around Australia and Tasmania has very high costs for transport and health services. Recent Anglicare research found that Tasmania has the lowest rate of bulk billed General Practitioner services in the country and that only 60 per cent of General Practices routinely bulk-bill low income earners who hold Health Care Cards or Pension Concession Cards (Madden, 2001).

"I've gone to the Salvos and to Anglicare for Emergency Relief (food) parcels but I'm not allowed to have any more this year. You can only have four a year. I don't know what I'll do now." (Anglicare research participant in Flanagan, 2000)

The combined effects of long-term economic problems, widespread disadvantage and high costs for a range of essential items have combined to cause severe economic hardship for a large proportion of the Tasmanian community. Addressing these issues and ensuring that all Tasmanians are able to share in the economic growth experienced by other parts of Australia in recent times will be one of the major challenges facing governments, businesses, charitable agencies and the broader community in the coming years.

Section 3:4 Recommendations

- That as part of its programme of Welfare Reform the Commonwealth Government commit itself to raising pensions and benefits to a level which ensures that people reliant on Centrelink benefits as their sole source of income are able to afford the essentials of life.
- That Centrelink Allowances, like Pensions, be indexed to Average Male Weekly Earnings as a first step towards raising them to the point where they can sustain those people who are in receipt of them.

4. The social and economic impact of changes in the distribution of work, the level of remuneration from work and the impact of underemployment and unemployment

The Tasmanian report **Dead Man's Shoes** (TasCOSS, 2001) provided a devastating portrait of the impact of poverty on unemployed Tasmanians. This qualitative research project focussed on the personal consequences of inadequate income through its identification of the themes of social exclusion, depression, and ill health. In this context participants described the crippling effects of reductions in their already inadequate income through Centrelink fines and penalties. Comments on these issues are included in Sections 1 to 6 of this submission.

5. The effectiveness of income-support payments in protecting individuals and households from poverty

The social security system was designed as a safety net for people in difficult life circumstances, to ensure social cohesion and the best possible civic participation by all citizens. However, two issues combine to threaten the security net – the very low rate of payments and the current emphasis on imposing financial penalties on recipients who are deemed to be in ‘breach’ of their obligations.

5.1 Poverty and income support recipients

Current income support payment levels are too low. Comparisons between income support levels and the Henderson Poverty Line are revealing. Conservative estimates of these measures place income support levels just above this poverty line measure. These estimates assess the maximum possible income payable to a household, including rent assistance. In fact many of the poorest households – people on Austudy, households in public housing, and people purchasing their own homes – are ineligible for rent assistance. The Australian Council of Social Service has calculated that excluding rent assistance, income support payments are in fact 20 – 30% below the Henderson Poverty Line (ACOSS, 2000).

Table 4 The Henderson Poverty and Income Support Payments: a comparison

The poverty line, pensions and allowances (\$ per week) December 2001			
Household*	Centrelink payments#	Henderson Poverty Line	Amount below Poverty Line
16 – 17 years single+	\$145.05	\$293.24	\$148.19
18 – 20 years single+	\$145.05	\$293.24	\$148.19
Over 21, single+	\$182.30	\$293.24	\$110.94
Couple (over 21)	\$328.90	\$392.28	\$63.38
Couple, 1 child	\$390.36	\$471.54	\$81.18
Couple, 2 children	\$451.82	\$550.80	\$98.98
Couple, 3 children	\$526.38	\$630.05	\$103.67
Couple, 4 children	\$608.49	\$709.31	\$100.82
Sole parent, 1 child	\$295.43	\$376.47	\$81.02
Sole parent, 2 kids	\$356.89	\$455.67	\$98.78
Sole parent, 3 kids	\$434.31	\$534.93	\$100.62
Sole parent, 4 kids	\$516.42	\$614.19	\$97.77

*Households with head ‘in the labour force’. +Living independently #Rent assistance not included

Source: *Poverty Line Update, Information sheet no. 3, July 2002*

A large-scale research project conducted by Anglicare Tasmania, the Tasmanian Council of Social Service and the Poverty Coalition in 1999 looked at the impact of poverty on Tasmanian families and communities. Using focus groups to gather qualitative data the research included 154 participants in focus groups around the State. The report on this project, **Hearing the Voices** (Flanagan, 2000) included

among its key findings the conclusion that income levels for people on a range of pensions and benefits “are too low to afford the essentials of life” (p3). The report found that:

“Many Tasmanians are being denied the standard of living adequate for the health and wellbeing of themselves and their families – shortages of food, inadequate clothing and difficulties obtaining health care are pressing problems for many.”

The people participating in this research project had not been recruited for the research because they were in immediate crisis, yet they revealed constant strain on their budgets which was forcing them to access services such as Emergency Relief as a regular source of income support.

“I can’t afford basic food. I have a 16-year-old boy who is always hungry. He eats a loaf of bread a day. One standard loaf of bread a day costs \$1000 per year out of an income of \$12,000 a year. You’re feeding a man.” (Anglicare research participant in Flanagan, 2000)

The participants in this research report indicated that the strictest financial controls did not ease their budgetary crises. Regular commitments such as rental payments and payment plans for essentials such as energy simply shifted the burden of dealing with any unexpected financial pressure to the only discretionary part of their budget – that set aside for groceries.

“I’ve had days when I’ve gone without food to feed the kids. I’ve done that a lot, you get used to it. It probably happens every couple of months – when the Hydro bill comes in.” (Anglicare research participant in Flanagan, 2000)

“I live on basics. If I want something, I go without something else. My diet is cereal, sandwiches, cheese, eggs on toast, sausages, mash. It’s rare to go outside that. I spend \$25 a week on food. Groceries are the only area where you can cut back.” (Anglicare research participant in Flanagan, 2000)

5.2 Breaching

The effectiveness of the income support system in its role of preventing Australians from descending into poverty has been undermined by the extension and severity of the system of imposing fines on benefit recipients if they are deemed to be in ‘breach’ of their obligations.

It has been established that nationally the rate and severity of breaching escalated dramatically in the period 1997 - 2001 (ACOSS and National Welfare Rights Network, 2000, 2001; Centrelink data). While Centrelink figures now suggest a drop of 30% in national breaching rates over the past year, the number of breaches in 2001/02 still remains 42% higher than it was in 1996/97 (Centrelink, 2002).

While the data on the increase in social security fines has been provided, little is known of the impact of these fines on jobseekers and their communities beyond collections of case studies. Anecdotal evidence from workers in a range of Tasmanian community services suggests that assisting clients in their negotiations with Centrelink forms an increasing part of their work. The current policy direction within Centrelink is to develop local partnerships with community service organisations to better work with clients with vocational barriers. This will presumably require greater commitments of time from community service agencies to this advocacy work.

Evidence is emerging of the impact policy tensions between Housing services and Centrelink are having on clients on income support within this state. A reduction in the public housing stock available and the increased targeting of

the remaining stock to those people with the highest needs has seen many low-income earners steered into a private rental market. The rental properties available and affordable are often in areas of acute locational disadvantage. At the same time jobseekers moving to these areas and facing high transport costs and irregular public transport are subjected to ongoing penalties if they fail to meet Activity Test requirements (Cameron, 2002).

“Even though I’ve got my car I find it hard to get my form in on the day before pay-day because I don’t have enough petrol to get all the way up to Centrelink. My mum has a fax machine so when I didn’t have the petrol to get up there I would fax it up to the. Then they sent me a letter saying you have used up at all your faxing this year and you have to bring it in yourself every time. It takes about \$10 petrol money and when you don’t have anything at all that’s a lot.”

“The bus service is shocking and I don’t have a car. The bus service is three buses [a day] and they charge the earth. They charge \$4 each way to get to (nearest Centrelink office). That’s the concession. It’s not Metro [public transport] down here, it’s a private contractor and a lot of the time you have to ring him up and tell him that you want to catch the bus because a lot of the time he just doesn’t bother. I’ve been left standing up there plenty of times. Most of the time I hitch-hike, it saves me money.”

“I’ve been breached because I hadn’t been able to get to an appointment on time. And you can ring up and say oh I’ve missed the bus but they take a pretty dim view of it.” (unemployed man on same bus route as quote above)

Nationally there has been some important research and policy work done on the issue of breaching since it achieved notoriety with the 2000 National Welfare Rights Network and ACOSS joint report. These two organizations collaborated on a further series of reports on breaching released throughout 2001 and were two of the convening organizations of the Independent Review of Social Security Fines and Penalties. Among the recommendations of **Making it work, the Report of the Independent Review of Breaches and Penalties in the Social Security System** (known as the Pearce Report) were a reduction in the size and duration of penalties and an increased emphasis on constructive responses by Centrelink. These constructive responses were named as efforts to achieve compliance without the imposition of a sanction, particularly with people whose circumstances make them especially vulnerable to difficulties with compliance. These recommendations were in line with those of the internal Centrelink enquiry (November 2001) which had an emphasis on developing responses to the most at-risk and vulnerable clients and developing partnerships with community organizations to develop more constructive responses to these groups. The Senate Community Affairs References Committee Inquiry into participation requirements and penalties (the Australians Working Together Bill) has recommended that the Pearce Report recommendations be implemented. While the final form of this bill has yet to be determined it is clear that there is support across the board for a reduction in the size and severity of the breach penalties.

The potential result of the policy changes outlined in the internal Centrelink review will be an increased reliance by Centrelink and Centrelink clients on the advocacy of community sector agencies dealing with the most vulnerable groups within the community. It appears that the harshness of the current system has been recognized but that the policy response has not been to address the system itself but to set up layers and layers of modifying checks and balances. At the same time, the extent to which agencies are already focusing on this work and the impact of this on their core business has not yet been measured.

The impact of breaches on income support recipients has been the subject of some scrutiny. In their report, **Stepping into the Breach: A report on Centrelink Breaching and Emergency Relief** (2001), the Salvation Army provided quantitative data on the impact of breaching on clients using its Emergency Relief

services across southern Australia in August 2001. This survey included 4 Tasmanian Emergency Relief distributors and included 162 Tasmanian ER applicants.

This research found that nearly one in four people presenting to key Salvation Army emergency relief centres in the week of the survey census had been breached in the previous year. An alarming 15.7% of respondents had experienced a third activity test breach, resulting in no payment for 8 weeks.

While the compliance regime has been modified since this report's release to reduce the number of breaches, and particularly the devastating third breaches, the impacts identified by these recipients were alarming. The most commonly identified impact was an inability to afford food and/or medication (84%); the next highest impact was an inability to pay gas, electricity, water and/or phone bills (63%) and a significant number also indicated that breaching had adversely impacted on their housing situation. Sixty two per cent said they couldn't afford to pay one or other of the rent/bond/board costs, nearly one in seven indicated that breaching resulted in them being evicted from rental or other accommodation for non-payment of rent/board, and one in six indicated that breaching had rendered them homeless. A further disturbing finding was that 11% of respondents indicated that they had resorted to crime to pay for food, medication or shelter.

Section 5: Recommendations

- That the Commonwealth Government reduce the size and severity of fines and penalties imposed on recipients of Centrelink allowances, in line with the recommendations of the Pearce Report.
- That an evaluation of the newly created Personal Support Advisors Programmeme be conducted with a view to ensuring that it is effectively servicing the identified needs of especially vulnerable jobseekers.
- The guidelines about 'special circumstances' in which Activity Test exemptions can be granted should be broadened in line with the recommendations of the Pearce Report.
- Greater time and training should be provided to Centrelink staff and guidelines and practices modified to ensure that greater efforts are made to see that requirements in Activity Test agreements are appropriate and reasonable.
- That penalties on jobseekers for moves to low-employment areas be reviewed in line with the recommendations of the Pearce Report.
- That an appropriate parliamentary standing committee should request the Commonwealth Ombudsman to report to it annually, at least for the next five years on the operation of the breaches and penalties system.
- The committee should publish the Ombudsman's report and seek submissions from interested parties before formulating any proposals it may wish to make for improving the operation of the system.

6. The effectiveness of other programmes and supports in reducing cost pressures on individual and household budgets and building their capacity to be financially self-sufficient.

Anglicare Tasmania wishes to draw attention to two critical ways in which Government can assist low income households to attain financial self-sufficiency. These are: through the provision of affordable housing and programmemes to address long-term unemployment.

Affordable housing plays a critical mediating influence on the poverty of households and individuals as housing costs have a huge recurrent influence on household budgets. The tenure type held by low income households, and the level of their housing costs are important measures of poverty. Addressing the housing needs of low income households is therefore one of the key ways in which Governments can build the capacity of low income households. The following section is an extract from Cameron's report for Anglicare Tasmania: **Condition Report: Low income earners in the Tasmanian private rental market** (2002).

6.1 Access to affordable housing: Housing tenure type as a predictor of financial hardship

One of the most significant measures of financial hardship is housing tenure. A profile of private renters Australia-wide reveals that households in the private rental market are more likely to be experiencing financial hardship and housing stress. Other significant characteristics about households renting privately are that they are:

- more likely to move frequently with almost half having moved at least three times in the previous five years;
- more likely to spend a higher proportion of their income on housing, spending an average of 19% or \$163; and
- significantly more likely to experience 'housing stress'.

(ABS Australian Housing Survey 1999)

In a national assessment of the housing needs of low income private renters, Purdon Associates & Twyford Consulting (2000) drew on a range of data sources from the ABS and the Commonwealth Department of Family and Community Services (FaCS). They found that of the 3.74 million income units receiving income support, 34% (1.27 million) were private renters. In addition to the characteristics set out in Table 4 below, the authors note that it is estimated that nearly 110,000 women in this group had experienced domestic violence from a partner in the last 12 months. Of these, they estimated that 51% rented privately.

Table 4 Housing characteristics of Low Income Private Renters – Australia (1999)

Population group	No: Private renters	Private Renters as % low income population	% receiving RA	% paying >30% income as rent	% with <\$20,000 in assets	% Living in Overcrowded conditions
Young people	272,968	46%	69%	60%	99%	5%
Older People	161,256	14%	80%	42%	68%	3%
Large Families	23,549	36%	85%	11%	87%	39%
Indigenous Australians	31,007	51%	47%	42%	98%	15%
People with a disability	223,873	36%	76%	48%	86%	na
Balance of Private renters	544,209	46%	79%	49%	85%	14%
Total DSS Population	1,256,862	34%	76%	49%	82%	9%

(Source: FaCS Housing dataset June 1999 cited in Purdon Associates & Twyford Consulting, 2000: viii)

It is clear that low income households in the private rental market experience high levels of financial stress. An analysis of financial stress indicators in the 1998-1999 Australian Bureau of Statistics Household Expenditure Survey (HES) measured hardship experienced in Australian households. This analysis found that rates of financial stress in the private rent sector are well above the community as a whole. Households in the lower two income quintiles make up 36.6% of households renting privately. Of all the Australian households experiencing multiple hardships, 60% are in the private rental sector (Bray 2001: 37). This means that these households report multiple incidences of being unable to afford heating or meals, as well as having to pawn items or needing assistance from community organisations.

In a state based comparison, Bray found that Tasmania had the most negative outcomes, showing particularly high levels of multiple hardship, at over double the rate for Victoria and New South Wales (2001: 27-8).

6.2 Housing stress and poverty

Housing stress is a concept developed by the National Housing Strategy 1992 to determine the housing affordability benchmark. The definition refers to households in the lowest 40% of the income range who pay more than 25% of income in housing costs.² Households in this category were deemed to have insufficient income left to purchase the other necessities of life like clothing, food, transport, domestic power and health services.

Housing stress has highly adverse effects on low-income families in addition to causing severe financial hardship and difficulties in meeting non-housing costs. Research indicates that it is a major predictor of homelessness, overcrowding, family instability and breakdown, health problems, low levels of educational attainment, lower effective access to the labour market due to the geographic concentration of lower cost housing in low employment areas and increased crime (AHURI & Allen Consulting Group 2001). This report describes the broader effects of widespread housing stress on the community as a loss of social capital and social cohesion and adverse economic consequences in metropolitan areas. They make the point that cities need a mix of workers to function effectively. If lower paid workers are forced to live long distances from the centres of economic activity due to lack of affordable housing, the reports states:

“their lives are impoverished and the economy suffers from inefficient workers or labour shortages...once begun the process is cumulative; marginalised households become trapped in areas of high unemployment and lack of economic opportunity, pushing out the remaining higher income, skilled and more mobile workers and entrepreneurs and entrenching the areas as ones of disadvantage and despair” (2001:9 –10).

The research from The Affordable Housing National Research Consortium states that if the rate of growth in households spending more than 30% of their income on housing costs in the last 10 years continues, there will be nearly one million households in metropolitan Australia experiencing housing stress (2001).

² More recent research has adopted the more conservative measure of 30% of income as a benchmark for housing affordability (Berry 2001:8). Anglicare’s research (Cameron, 2002) uses the National Housing Strategy measure of 25% of income as it is the benchmark used in the Tasmanian Government Budget Paper 2002 –3 and because it provides a more accurate picture of the experience of after housing stress in Tasmania, given that the costs of essentials such as groceries and electricity in this state are the highest in the nation (Madden, 2002).

6.3 Housing issues for low income earners in Tasmania

Tasmania replicates the national housing trend of increasing numbers of low income households and a significant decline in low rent housing stock. The capacity for low income earners to purchase a home, access social housing or rent in the private housing market is diminishing.

Historically, the housing market has been seen as one of Tasmania's greatest advantages, with significantly lower house and rental prices compared to other states. Tasmania does have a high rate of home ownership with almost 70% of households either fully owning or purchasing their home (ABS, 2002). However, as demonstrated by Madden (2002), in a state-based comparison of household essentials, Tasmania has the highest cost for electricity and groceries. Furthermore, drawing on Mudd's analysis (cited in Henman 2001), Madden shows that when the data on housing costs are quality-adjusted, measuring for housing standards, age of stock and access to services, private rental prices in Hobart are comparable with all other cities except Sydney.

The following is a profile of the rental market in Tasmania.

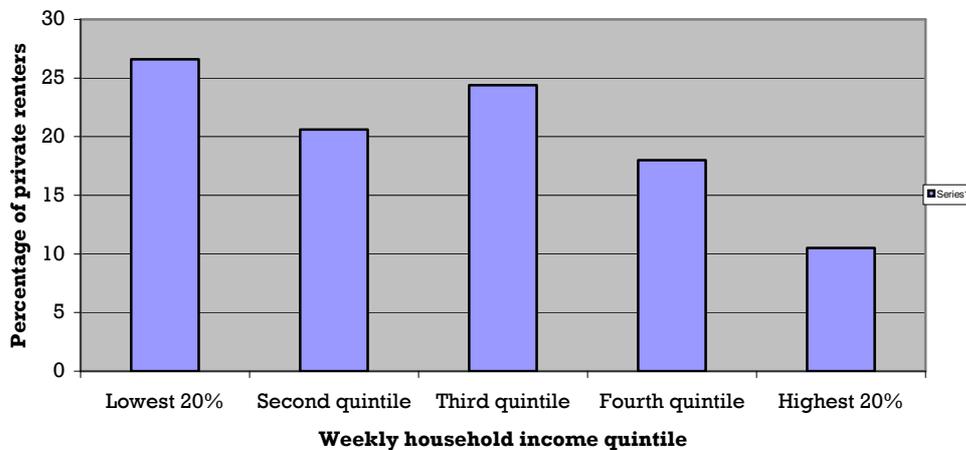
The private rental market: It is extremely difficult for low income earners to get access to houses on the private rental market in Tasmania due to a shortage of properties and an extremely competitive market.

The occupancy rate in the private rental market in Hobart is the highest in Australia (97.5% in August 2002). The Real Estate Institute of Tasmania (REIT) argues that this extremely low vacancy rate currently could be closer to zero if the number of properties that are difficult to rent due to expense or the poor standard of the dwellings is taken in to account. According to the ABS (1999), Tasmania has the highest proportion (23%) of houses built fifty or more years ago of all Australian states and territories.

Properties on the rental market are leased very quickly. REIT's data shows that the vast majority of properties are leased within 2 weeks of them going on the market.

The average rental in Tasmania has increased from 15 – 27% in the past year.

Private housing renters: The ABS Census 2001 shows that 17.4% of Tasmanian households (31,528) live in private rental accommodation, compared to a national average of 26% (ABS, 2002). In October 2002, the total number of individuals in Tasmania receiving rent assistance was 20,274 (Centrelink, 2002). The Tasmanian Healthy Communities Survey data indicates that of all private renter households, approximately 47% (14,818) are in the two lowest income quintiles, with a further 25% (7,882) in the third income quintile (See Figure 2).

Figure 2: Percentage of private renter households by weekly income quintiles

(Source: DHHS, 1999 data)

Further analysis of this data shows that 61% of low income private renter households in Tasmania are experiencing 'housing stress', that is, they are paying in excess of the 25% affordability benchmark in rent, even after rent assistance. This situation is particularly dire for households in the lowest income quintile, with a weekly income up to \$241.71. Of this group, 66% (5719 households) are paying more than 25% of their income in rent. In the second income quintile, households that have a weekly income between \$241.71 - \$457.87, 48% (8937 households) are in housing stress (DHHS, 1999).

Analysis of the percentage of private tenants experiencing housing stress between 1986 and 1996 saw an increase in the number of households in Hobart from 57.7% to 62.4% (Berry 2001). Given the combination of the tightening of the private rental market, the increase in the number of low income earners and the high rate of single person and sole parent households in the State, it can be expected that this trend will continue with the percentage of households experiencing 'housing stress' increasing markedly in the current housing climate.

Public housing tenants: Tasmania is experiencing a crisis in public housing. According to the ABS Census 2001, 11,611 (6.4%) Tasmanian households are renting public housing (2002), compared to South Australia, which has 10.7% and the ACT with 10.1% (AIHW, 2001:70).

In the past two years the waiting lists for social housing have increased by 74% with 2241 households waiting for social housing assistance in June 2002.

In October 2002, 519 people are on Housing Tasmania's Category One waiting list (The Mercury, 2002). Of all social housing allocations, 82% are classified as Category One, which are those in 'greatest need'. These are people who may be suffering from ill health, have experienced domestic violence, homelessness or be inappropriately housed.

This waiting list is expanding at a time when Housing Tasmania is pursuing a strategy of reconfiguring its housing stock. The sale of existing stock has reduced the pool of public housing dwellings from 13,405 in 1999/2000 to 12,459 in 2002, and the houses available through the Aboriginal Rental Housing scheme from 315 to 300 in the same period. In the current financial year 350 more houses are targeted for sale in the current financial year with only 54 builds planned.

The consequences for low income Tasmanians of not being able to access affordable housing are disastrous.

Homelessness and invisible homelessness: The most recently published figures on homelessness in Tasmania show that the number of clients accessing the Supported Accommodation Assistance Programme (SAAP) in 2000 –1 is 3,450 (AIHW, 2001). However, the SAAP data refers only to a small section of the population who are experiencing homelessness and using emergency accommodation services. Anglicare Tasmania's research on low-income earners in the private rental market indicates that many people who lose their tenancy and are unable to find suitable accommodation immediately may draw on a range of other options to find shelter. A number of research participants described extended periods of living with family or friends while they waited for social housing or access to the private rental market. In many cases although these people had a roof over their heads, the conditions in which they were compelled to live were far from suitable for themselves and their families. As indicated by the comments below, the accommodation was a long way from the secure and appropriate housing essential for health and wellbeing.

"I was living with my mother with my three children for 12 months. That was a private rental place that my mum was renting and she has my sister and my brother as well as me and my three kids so there were seven of us living in a three-bedroom place. I couldn't get anything through the real estate agents because I'd come out of Housing and I have no references. I could have got personal references from plenty of people but I don't have any housing references. For 12 months the kids were top and tailing, on floors, wherever we could fit. I put my name down with the Housing Department as soon as I moved up here from Hobart and then I was 12 months waiting for house. Every day I went into the real estate agents." (Anglicare research participant in Cameron, 2002)

"I went to Housing and I had nowhere to live, and they wouldn't help me out at all. I was staying at a friend's place on their floor for four weeks with my son, the two of us were sleeping on a single mattress. Housing said I was Category 2". (Anglicare research participant in Cameron, 2002)

"Now we are living with a friend of my mother and father's. He's a bachelor in his late sixties and he had a spare room so that's where we are. My son is at the Christian Fellowship because he knows the pastor and everyone there. But he's still away from us. My aunty and I are in the one room in single beds. My aunty is incontinent sometimes and we've got to walk through this guy's bedroom to get to the bathroom. And you are just supposed to put up with all this and cope with it. And I've got my son who is suffering from depression because he's got no home and he's a teenager. It just worries the hell out of me, thinking about what will he do? My furniture is in three different places and you just feel like you've got nothing". (Anglicare research participant in Cameron, 2002)

"In the middle of my experience I actually had a homeless period. It took me about three months to find a place and I was without anywhere to live for that period. So I ended up staying at a family member's place and that's hard. My pride was out the window, my self-esteem was non-existent and coming from that base foundation to try to pick yourself up and put on a brave face to create a home for yourself, not just a house but a home for yourself, it's really a tough... Where you lay your head, that place where you cuddle up of a night time, where you clean yourself, for those basic things of human existence, it's so important and if you don't have that, you end up lost." (Anglicare research participant in Cameron, 2002)

In the 1999 Commonwealth State Housing Agreement Tasmania received \$22m in Commonwealth funding. However \$16.4m was repaid to the Commonwealth to service the debt of \$273m accrued by the State from 1945 - 1985, when Federal

funding was allocated in the form of loans rather than grants. This will leave \$5.6m per annum in real terms from the Commonwealth. The reduction in funds in the 2003 CHSA would mean that Tasmania would effectively receive only \$3.6m per annum for the provision of public housing. It is critical that the Commonwealth waive this debt in order to allow Tasmania to address the crisis in housing it is experiencing.

Section 6:3 Recommendations

- That the Commonwealth Government waive the debt accrued by the State through Commonwealth State Housing Agreement loans between 1945 – 1986 so that all the funds from the CSHA are directed to the provision of affordable housing in the State.

6.4 Employment: a pathway out of poverty

Labour market initiatives targeted at long-term and very long-term unemployed people are desperately required in regions experiencing entrenched long-term unemployment.

It is of great concern that almost 10 per cent of Tasmania's unemployed have not had any paid work in the past 5 years. It is clear that efforts to assist the unemployed should be focussed on the long term and very long-term unemployed. Intervention to assist these groups is expensive and evaluations of the current Job Network model indicate that the Federal programme creates incentives for Job Network providers which are not in the interests of the most disadvantaged groups. Analysis of Job Network evaluations indicate significant concerns about 'creaming' where providers target assistance at clients who are already most likely to find jobs while providing little assistance to clients who have more barriers to employment (Dockery & Webster, 2001 and Eardley, 2002). While a new Job Network model will be implemented in July 2003 there continues to be a need for additional programmes designed to meet the needs of a regional labour market.

Currently this gap in labour market programmes is being met by initiatives being trialed by State Governments in Victoria and Queensland. These programmes are showing early indications that such intervention can have positive outcomes for disadvantaged job-seekers.

Dockery and Webster (2001) suggest criteria for developing programmes based on international models to assist the long-term unemployed and very long-term unemployed including:

- Guaranteed employment for 1 – 3 years;
- Wide variety of placements;
- Participant choice in the type of placement;
- Community and government agency provision of placements;
- Placements alongside the normal workforce; and
- Normal conditions of employment including wages and superannuation.

Clearly more disadvantaged states require Commonwealth assistance in tackling this issue.

Section 6: Recommendations

- That future modifications of the Job Network be designed to support State Government initiatives in labour market programmes.

10. Conclusion

"You thought it would be simple; it is extraordinarily complicated. You thought it would be terrible; it is merely squalid and boring. It is the peculiar lowness of poverty that you discover first; the shifts that it puts you to, the complicated meanness, the crust-wiping."

We are 70 years and a continent away from George Orwell's record of poverty in Paris and London but the experience of poverty is unchanged. Australians struggling against the closed horizons of poverty find their attempts to gain a pathway out thwarted on many fronts. Income support payments are too low and employment hard to find. The withdrawal of income support on receipt of earnings quickly erodes any advantages gained from casual work. Education is costly and affordable housing is remote and inaccessible.

Responding to the 'extraordinarily complicated' issues of poverty requires a whole of Government response and investment in programmes geared towards equity and social inclusion in health, housing, education and employment. It would require that we have as our goal, a fair and inclusive Australia.

11. Recommendations

Section 2::

- 2.1 That children from socio-economically disadvantaged groups no longer be treated as an equity group by Governments but recognised as a sizeable proportion of the public school population.
- 2.2 That tackling poverty, inequity and disadvantage within the schooling system become the policy development priority of State and Federal Governments and State education authorities.
- 2.3 That greater funding is provided for initiatives tackling poverty, inequity and disadvantage encompassing preschool, primary and secondary education, TAFE and tertiary education.
- 2.4 That the Commonwealth re-establish targeted funding directed to schools experiencing the highest levels of collective disadvantage in their school communities.
- 2.5 That the Commonwealth reassert its support for the provision of public education and halt the trend towards the disproportionate direction of funds to private education.
- 2.6 That 'voluntary fees and levies' paid by parents must be genuinely voluntary. Failure to pay must not lead to exclusion from courses, educational activities or curriculum.
- 2.7 That Departments of Education and schools are encouraged and supported to prioritise socially inclusive curriculum and policies.

Section 3:

- 3.1 That the Commonwealth Government work in partnership with the State Governments to standardize the concessions system across the Commonwealth.
- 3.2 That the Commonwealth reassert the role of the State Concessions system as a means of targeting relief to the most disadvantaged people in the community.

- 3.3 That the Commonwealth work to ensure States achieve equity of access to the concessions system between those on the lowest incomes as a first step before extending the concessions to middle income earners.
- 3.4 That in particular, State and Territory authorities should provide the same travel concessions to all jobseekers who are receiving a Centrelink Allowance, irrespective of whether it is a full- or part-rate allowance.
- 3.5 That as part of its programme of Welfare Reform the Commonwealth Government commit itself to raising pensions and benefits to a level which ensures that people reliant on Centrelink benefits as their sole source of income are able to afford the essentials of life.
- 3.6 That Centrelink Allowances, like Pensions, be indexed to Average Male Weekly Earnings as a first step towards raising them to the point where they can sustain those people who are in receipt of them.

Section 5:

- 5.1 That the Commonwealth Government reduce the size and severity of fines and penalties imposed on recipients of Centrelink allowances, in line with the recommendations of the Pearce Report.
- 5.2 That an evaluation of the newly created Personal Support Advisors Programme be conducted with a view to ensuring that it is effectively servicing the identified needs of especially vulnerable jobseekers.
- 5.3 The guidelines about 'special circumstances' in which Activity Test exemptions can be granted should be broadened in line with the recommendations of the Pearce Report.
- 5.4 Greater time and training should be provided to Centrelink staff and guidelines and practices modified to ensure that greater efforts are made to see that requirements in Activity Test agreements are appropriate and reasonable.
- 5.5 That penalties on jobseekers for moves to low-employment areas be reviewed in line with the recommendations of the Pearce Report.
- 5.6 That an appropriate parliamentary standing committee should request the Commonwealth Ombudsman to report to it annually, at least for the next five years on the operation of the breaches and penalties system.
- 5.7 The committee should publish the Ombudsman's report and seek submissions from interested parties before formulating any proposals it may wish to make for improving the operation of the system.

Section 6

- 6.1 That the Commonwealth Government waive the debt accrued by Tasmania through Commonwealth State Housing Agreement loans between 1945 – 1986 so that all the funds from the CSHA are directed to the provision of affordable housing in the State.
- 6.2 That future modifications of the Job Network be designed to support State Government initiatives in labour market programmes.

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