

Submission to the Senate Community Affairs References Committee

Inquiry into the extent and nature of poverty in Australia

February 2023

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA receives funding support from the NSW Government Departments of Communities & Justice and Health and the Australian Government Department of Health.

CPSA appreciates the opportunity to make a submission to the Senate Community Affairs References Committee's Inquiry into the extent and nature of poverty in Australia.

Poverty rates are hard to measure accurately as there is no official poverty line in Australia. Using 50 per cent of the median weekly income as the measure of poverty, the number of people in poverty is estimated to be at least 3.3 million or 13.4 per cent of the population.¹ These people are surviving on less than \$489 a week and government intervention is desperately needed to improve their quality of life.

Existing efforts to help those on low incomes such as the social security system, housing assistance and public health care fail to meet their purpose of creating an acceptable standard of living for everyone, regardless of income. More needs to be done to improve the effectiveness of such programs.

Other Government interventions to address cost of living pressures are often unfocused and provide more benefits to those on higher incomes. It's important that cost of living interventions provide relief to all those affected by the issue, including those receiving income support payments and experiencing poverty.

Reducing poverty helps both those directly affected by unstable employment, worse health outcomes, housing insecurity and potentially homelessness, and the wider community by increasing economic participation.

For convenience, this submission is structured around the terms of reference and addresses terms a, b, c, e and f.

¹ Davidson, P; Bradbury, B; and Wong, M (2022) Poverty in Australia 2022: A snapshot, Australian Council of Social Service (ACOSS) and UNSW Sydney.

Recommendations

Recommendation 1: That an official Australian poverty line be set to allow for consistent measurement and that data be regularly collected so that trends can be easily identified.

Recommendation 2: That fiscal policy intending to relieve cost-of-living pressures be targeted to low-income households experiencing poverty.

Recommendation 3: That the Australian Government recognise the difficulty of finding stable employment when experiencing poverty, particularly for people over 55, and that mutual obligations be changed to support participants in finding work rather than acting as a punitive measure.

Recommendation 4: That Commonwealth Rent Assistance be increased to ensure tenants renting on the private market pay no more than a social housing tenant pays.

Recommendation 5: That there be mandatory minimum standards for rental housing to ensure all forms of housing are safe, secure and liveable.

Recommendation 6: That sufficient social housing be built to meet the housing needs of low-income earners who are on social housing waiting lists. At least 25,000 new dwellings a year are needed to begin addressing the current backlog.

Recommendation 7: That investments be made in Medicare to address the GP and bulkbilling shortage and ensure that primary health care is both accessible and affordable to those on low incomes.

Recommendation 8: That funding for public dental care is made adequate to ensure people living in poverty are able to access dental care in a timely fashion.

Recommendation 9: That the Economic Inclusion Advisory Panel consider the adequacy of income support payments and their indexation to ensure that payments keep up with poverty lines and maintain purchasing power.

(a) the rates and drivers of poverty in Australia

Australia does not have a government-sanctioned way to measure poverty.² This has led to discussion of, and debate about, poverty in Australia drawing on different poverty measures, resulting in a lack of shared understanding of who in Australia is poor.

One of the most common poverty lines used is a relative measure that defines people as being in poverty if they earn less than half of the median weekly income in their country. This is a measure commonly used by OECD countries, making it useful for international comparisons.

Calculations of the OECD poverty line take varying housing costs into account by subtracting the median housing cost from 50 per cent of median weekly income to determine the poverty line. To determine if households are under the poverty line their actual housing costs are deducted from their weekly income and this is compared to the poverty line. According to 2019-20 data, the OECD poverty line comes to \$489 a week for a single person and \$1,027 a week for a couple with two children.³ Using this measure, 13.4 per cent of people in Australia, or 3.3 million, were living in poverty during the reporting period.³

It should also be noted that while 13.4 per cent of people fall below the OECD poverty line, this number jumps significantly to 21 per cent, or 5.4 million, if the line is increased to 60 per cent of median income.⁴ If poverty is to be meaningfully addressed, this group of people who are technically not 'people in poverty' but are one unexpected event away from falling below the line also need to be taken into account.

The Henderson poverty line is also a common measure in Australia. It was developed with the Australian context in mind, is updated quarterly to adjust to changes and offers a range of benchmarks for different family units, so it may be a more accurate measurement for Australia. As of the September quarter 2022, the Henderson poverty line for a single person including

² Dale Daniels, 2002, The poor in Australia: Who are they and how many are there?, accessed at https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/archive/poverty

³ Davidson, P; Bradbury, B; and Wong, M, 2022 Poverty in Australia 2022: A snapshot, Australian Council of Social Service (ACOSS) and UNSW Sydney.

⁴ Davidson, P., Saunders, P., Bradbury, B. and Wong, M., 2020, Poverty in Australia 2020: Part 1, Overview. ACOSS/UNSW Poverty and Inequality Partnership Report No. 3, Sydney: ACOSS.

housing costs is \$610.60 a week and \$495.11 for someone who is not in the workforce.⁵ For those who own their own home there is a separate poverty line not including housing costs that comes to \$410.93 a week for a single person in the work force and \$295.44 a week for those not in the workforce.

It's important to note that most people relying only on income support payments are unlikely to own their own homes and will have additional housing costs. According to these poverty lines an additional \$200 a week is needed to address housing costs, yet Commonwealth Rent Assistance only offers a maximum of \$75 a week.

The Henderson poverty line has consistently been \$50-\$100 higher than the relative OECD poverty line over past years, so with this measure poverty rates are even higher than the aforementioned 13.4 per cent.⁶ According to 2021 census data 4.8 million Australians, or 18.6 per cent, had a weekly income of \$499 or less.⁷ This closely aligns with the lower poverty line for people not in the workforce and the number doesn't include those with zero income or anyone under 15. The real number of people experiencing poverty using this measure would be even higher.

Poverty is of particular concern to the growing number of older people who do not own their own homes and are living on a low income. In 2015-16 single older people already experienced higher rates of poverty than the general population at 15 per cent and 13 per cent respectively.⁸ However, this jumped significantly to 33 per cent for older people in private rentals. The number of people aged 50-54 who own their own home has already dropped 6.6 per cent from 1996 to 2016 and is likely to continue falling as housing becomes less affordable.⁹

The three pillars of retirement income in Australia include the Age Pension, superannuation and other savings and assets, the most common of which is owner occupied dwellings.¹⁰ Those who

⁵ Melbourne Institute: Applied Economic and Social Research, 2022, Poverty lines: Australia June quarter 2022

⁶ Grattan Institute, 2021, The JobSeeker rise isn't enough: submission to the senate standing committee on community affairs

⁷ Australian Bureau of Statistics, 2022, Income and work: census, accessed at

<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/income-and-work-census/latest-release>

⁸ ACOSS, Trends in poverty among older people, accessed at <https://povertyandinequality.acoss.org.au/poverty/trends-in-poverty-among-older-people/>

⁹ AIHW, 2021, Home Ownership and Housing Tenure

¹⁰ The Australian Government the Treasury, 2019, Retirement Income Review: consultation paper November 2019

enter retirement without their own home or other significant savings have a significant financial disadvantage compared to those that do.

The inconsistency of these measures makes quantifying the problem difficult and addressing it even harder. If reducing poverty is to be a priority issue for the Australian Government, which it needs to be, there must be accurate and consistent data collected which can be used to shape approaches and measure progress. This would include establishing an official measure of poverty for use in Australia.

High rates of poverty are driven by a combination of factors that are raised throughout the rest of the submission, some of the most prominent being the inadequacy of the social security system and the rising cost of living, particularly in relation to housing costs.

Recommendation 1: That an official Australian poverty line be set to allow for consistent measurement and that data be regularly collected so that trends can be easily identified.

(b) the relationship between economic conditions (including fiscal policy, rising inflation and cost of living pressures) and poverty

Economic conditions put pressure on all household budgets, but the majority of the burden is felt by the lowest-income households.

The cost of living has skyrocketed in the face of local and global adversity. CPI has increased 7.3 per cent over the 12 months to the September 2022 quarter, the highest annual increase since 1990.¹¹ For low-income households, who were already struggling, a 7.3 per cent increase is catastrophic.

In an NCOSS survey of low-income households, 58 per cent of all respondents struggled to pay for, or went without, essential items within the previous year. However, this increased to 64 per

¹¹ Australian Bureau of Statistics, 2022, Consumer Price Index, Australia, accessed at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

cent for those living below the poverty line.¹² These rates will only get worse as the cost-of-living rises.

Though efforts have been made to ease cost-of-living pressures through fiscal policy, most fail to assist the low-income households most affected by them.

The October 2022 federal Budget did not provide direct cost-of-living relief through payments but rather committed to broader policy changes intending to ease pressures in the long term. The three measures likely to having the biggest impact on household budgets include changes to paid parental leave, childcare subsidies and stage three tax cuts. Modelling suggests the benefits of these measures will be greatly skewed to higher-income households. The top quintile of income earners is set to receive \$5,740 in benefits a year compared to just \$17 for the lowest quintile.¹³

This difference is primarily due to stage three tax cuts but even the childcare and paid parental leave policies have very little impact on households in the first or second income quintile.

Future fiscal policy needs to be targeted to those who are most in need.

Recommendation 2: That fiscal policy intending to relieve cost-of-living pressures be targeted to low-income households experiencing poverty.

(c) the impact of poverty on individuals in relation to:

(i) employment outcomes

According to an NCOSS survey, people living below the poverty line are much less likely to have full-time work as their main source of income.¹⁴ Casual and part-time workers experience less security and are more likely to report negative changes to their working conditions, such as job loss, reduced hours or reduced security. These negative changes have an impact not just

¹² NCOSS, 2022, Tough times, hard choices

¹³ ANU Centre for Social Research and Methods, 2022, Research note: distributional modelling of 2022/2 federal budget

¹⁴ NCOSS, 2022, Tough times, hard choices

financially but also on wellbeing with those experiencing negative outcomes more likely to be unable to pay for food, medication, utilities and housing costs.

With unstable work, it is much more likely for this group to experience job loss as well as have more difficulty trying to find a new job. There are many factors that may make searching for work more difficult for those experiencing poverty including but not limited to disability, caring responsibilities, transportation costs and mobile and internet costs.

Age is also a significant factor, with 97.7 per cent of respondents to an Australian Seniors survey agreeing that the older you get, the harder it becomes to find a job.¹⁵ Another survey by the Australian Human Rights Institute showed that a third of responding organisations admitted to being reluctant to hire workers over a certain age, most commonly 50.¹⁶ Ageism intersects with poverty to make finding employment extremely difficult for a significant number of older Australians.

The number of people staying on the JobSeeker Payment for over five years has rapidly increased going from about 8 per cent in 2009 to 22 per cent in 2019.¹⁷ This number continues to grow with around 24 per cent of JobSeeker Payment recipients having received the payment for at least five years as of September 2022.¹⁸ The biggest group contributing to this change is older people, especially older women. Once receiving a JobSeeker Payment, older people are unlikely to return to the workforce and are likely to be reliant on this payment until they become eligible for the Age Pension.

Mutual obligation requirements involve attending job interviews, completing training, attending appointments with employment services providers and following an agreed Job Plan.¹⁹ These requirements are eased for certain groups such as those 55 and over, reducing to 30 hours a

¹⁵ Australian Seniors, 2021, The Australian Seniors series: Ageing in the workforce 2021

¹⁶ Australian Human Rights Commission, 2018, Employing Older Workers: Research Report

¹⁷ Parliamentary Budget Office, 2020, JobSeeker Payment: Understanding economic and policy trends affecting Commonwealth expenditure

¹⁸ Department of Social Services, 2022, DSS Demographics September 2022, accessed at <https://data.gov.au/data/dataset/dss-payment-demographic-data>

¹⁹ Services Australia, Mutual Obligations Requirements, accessed at <https://www.servicesaustralia.gov.au/mutual-obligation-requirements?context=51411>.

fortnight of paid or volunteer work for the first 12 months then easing further to allow all 30 hours to be volunteer work.

Despite this, meeting mutual obligations can become onerous for a variety of reasons, including disability, mental health, caring requirements or the fact that simply surviving as a person experiencing poverty can be mentally and physically exhausting. Financial barriers including the cost of transport and clothes to attend a job interview are also a major issue. With a NSW concession Opal card someone travelling from Penrith to Parramatta for a job interview would still be paying over \$5 for a round trip.²⁰ Simply attending two job interviews a week takes \$10 out of a budget that is already not enough to survive on.

There are also a growing number of people who are unable to work due to disability who are relying on the JobSeeker Payment. Due to tightening eligibility for the Disability Support Pension it is much harder to obtain and the number of people receiving it has dropped by almost 60,000 since 2013 despite recipients of most other payments, including the Age Pension, Carer Payment and JobSeeker Payment, increasing.²¹ To be eligible, your condition must be fully diagnosed, treated and stabilised, it must last more than two years and must meet a certain impairment rating. This seriously disadvantages many people who may not fully meet these criteria but are still unable to work or maintain mutual obligation requirements.

If requirements are not met and the recipient does not have a reasonable excuse, payments can be suspended or cancelled. This penalises people for being in poverty and further disadvantages them.

To support employment amongst people in poverty the mutual obligations system needs to be more collaborative and offer tailored support to individuals looking for work rather than simply providing a checklist and punishment if you are unable to comply.

²⁰ Transport NSW, Concession Fares, accessed at <https://transportnsw.info/tickets-opal/opal/fares-payments/concession-fares>

²¹ Department of Social Services, 2022, DSS Demographics September 2022, accessed at <https://data.gov.au/data/dataset/dss-payment-demographic-data>

Recommendation 3: That the Australian Government recognise the difficulty of finding stable employment when experiencing poverty, particularly for people over 55, and that mutual obligations be changed to support participants in finding work rather than acting as a punitive measure.

(ii) housing security

The housing market in Australia is increasingly unaffordable and unstable and especially so for those on low incomes. People on low incomes are the least likely to have the savings or borrowing capacity to buy a home and will instead rely on the rental market.

Normal access to the private rental market is generally not available to people living on social security payments. Many social security recipients in the private rental market experience housing stress. This is when a low-income household spends more than 30 per cent of their income on housing costs. In 2017-18 27.1 per cent of all households renting in the private sector experienced housing stress but this jumped to 50.2 per cent when looking at low-income households.²² Of all the properties across Australia listed on the private rental market on 19 March 2022, only 7 were affordable for a single person receiving a JobSeeker Payment and 312 or 0.7 per cent for a single Age Pensioner.²³

Neither the JobSeeker Payment or the Age and Disability Support Pensions are sufficient to afford housing on the private rental market. The rates of these payments must be increased to account for growing costs and until this is done, housing assistance must be able to support these people to maintain housing.

With such a lack of affordable properties many people on low incomes are turning to inadequate alternative accommodation. These options tend to have informal or verbal agreements, little to no legislative protection and poorly enforced minimum property standards. Not only are people

²² Productivity Commission, 2021, Report on government services part G: housing and homelessness, accessed at <https://www.pc.gov.au/ongoing/report-on-government-services/2021/housing-and-homelessness>

²³ Anglicare Australia, 2022, Rental affordability snapshot: national report April 2022

forced to resort to substandard accommodation but being extremely insecure options they are also at increased risk of homelessness.

The lack of legislative protections makes these housing arrangements very insecure, placing residents at risk of homelessness. Housing insecurity also has significant impacts on the wellbeing of those experiencing it, leaving them physically and emotionally vulnerable.

Tenants experiencing poverty feel the need to put up with poor energy efficiency which increases power bills, unsafe conditions like black mould and extreme temperatures and massive rent increases just to ensure that they can keep a roof over their heads.

While assistance is available for those experiencing financial hardship, it is not sufficient.

Rent regulation across Australia is weak. There is a restriction on how often rent can be increased, generally every six to twelve months, and requirements for at least 60 days notice before an increase in most states.²⁴ However there is no limit to how much rent can be increased either within or between tenancies. A tenant can argue that an increase is unreasonable, but the onus is on them to appeal to the Tribunal and prove it is unreasonable.

Tenants may also be reluctant to take any issues to the Tribunal due to fear of retaliation from landlords. Landlords are free to choose not to renew a lease at the end of its term and are likely to do so if they deem that the tenant is problematic. Many housing organisations such as Shelter NSW receive anecdotal evidence of this occurring regularly.²⁵

The National Rental Affordability Scheme has facilitated some affordable rents but the program is being phased out over the years to 2026. From 2023 to 2026 an additional 24,386 allocations will end across Australia and most of these households will face huge rent increases and may be forced to terminate their tenancies.²⁶

²⁴ Better Renting, 2022, Rent regulation around Australia, accessed at https://www.betterrenting.org.au/rent_regulation_around_australia

²⁵ Shelter NSW, 2018, Make Renting Fair: the realities of renting and why tenancy law needs to change, accessed at <https://shelternsw.org.au/tag/tenant/>

²⁶ Australian Government, 2022, National rental affordability scheme quarterly performance report

Commonwealth Rental Assistance (CRA) offers a maximum amount of \$75.80 a week when the median rent for an apartment in a capital city was \$490 a week in September 2022.²⁷ This huge gap is partly due to the fact that CRA is indexed according to CPI rather than real changes in rents. Over the 12 months leading to the September 2022 quarter CPI increased by 7.3 per cent²⁸ but over the same time period median weekly rents increased by 10.3 per cent²⁹.

CRA needs to be increased so that those with low incomes renting on the private market are not disadvantaged. They should not be paying more than 30 per cent of their income as rent, which is the threshold for affordable housing costs. In 2022 a review of CRA was recommended by the Productivity Commission who deemed it insufficient and unfair. This review is needed now more than ever.³⁰

Social housing also fails to meet its purpose of making housing affordable and accessible to all. In June 2021 there were 163,500 households waiting for social housing Australia wide.³¹ The federal Parliamentary Library estimates there is a shortage of 524,200 social housing dwellings that is set to rise to 670,600 by 2032.³² A 2018 report found that to stop the problem becoming any worse Australia would need to build 15,000 new social housing dwellings a year, much higher than the current construction rate of around 3,000 a year.³³

Calls from organisations including the Australian Council of Social Service³⁴ and Everybody's Home, a national campaign to address housing crisis, urge the Government to commit to building 25,000 social and affordable dwellings a year to begin to address the existing backlog.

²⁷ Domain, 2022, September 2022 rental report, accessed at <https://www.domain.com.au/research/rental-report/september-2022/>

²⁸ Australian Bureau of Statistics, 2022, Consumer Price Index, Australia, accessed at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

²⁹ Kusher, Cameron., 27 Oct. 2022, PropTrack rental report – September 2022 quarter, accessed at <https://www.realestate.com.au/insights/protrack-rental-report-september-2022-quarter/>

³⁰ Productivity Commission, 2022, In need of repair: The National Housing and Homelessness Agreement

³¹ Australian Institute of Health and Welfare, 2022, Housing assistance in Australia: web report, accessed at <https://www.aihw.gov.au/getmedia/99cecfe0-c493-4fbd-bbc3-953f526852b7/Housing-Assistance-in-Australia.pdf.aspx?inline=true>

³² The Australian Greens, 2022, Labor's plan will only meet 3% of social housing need, accessed at <https://greens.org.au/news/media-release/labors-plan-will-only-meet-3-social-housing-need>

³³ Australian Housing and Urban Research Institute, 2018, Social housing as infrastructure: and investment pathway

³⁴ ACOSS, Ensuring everyone has a safe and stable home, accessed at <https://www.acoss.org.au/election-2022/election-social-housing/#:~:text=A%2025%2C000%20dwelling%20per%20year,increased%20to%20ease%20housing%20stress.>

With private renting in Australia being so insecure due to rising costs and poor tenant protections, assistance needs to ensure no one is at risk of homelessness. To do so, social housing stock needs to be drastically increased to provide secure, affordable housing to those who need it and until then the rate of CRA must be enough to provide relief to those in private rentals.

Recommendation 4: That Commonwealth Rent Assistance be increased to ensure tenants renting on the private market pay no more than a social housing tenant pays.

Recommendation 5: That there be mandatory minimum standards for rental housing to ensure all forms of housing are safe, secure and liveable.

Recommendation 6: That sufficient social housing be built to meet the housing needs of low-income earners who are on social housing waiting lists. At least 25,000 new dwellings a year are needed to begin addressing the current backlog.

(iii) health outcomes

Medicare offers a universal level of care available to everyone regardless of income. However, the egalitarianism of this universal healthcare system is compromised by various arrangements, which can make healthcare hard to access for those living in poverty.

Healthcare delivered through Medicare is provided by medical professionals able to set their own fees. Medicare pays patients a benefit for items of healthcare, but this benefit is generally significantly lower than the fees charged by medical professionals, especially but not limited to those providing specialist medical care.

The gap between the Medicare benefit and the actual fee is an out-of-pocket expense for the patient. This gap is mostly unaffordable for people living in poverty. Many are faced with the choice between paying for daily necessities or medical appointments and will forego medical care, with potentially and realistically devastating personal consequences. For example, cancers may not be diagnosed until pain forces a patient to emergency care.

Private health insurance, designed to take the pressure off the public health system, has become unaffordable for people on low and even the lower end of middle incomes. As a result, private health insurance has become a queue-jumping arrangement for people on higher-end middle incomes and high incomes.

The unaffordability of healthcare also extends to primary care. A 2022 survey by Healthed revealed that 22 per cent of the 477 GPs surveyed had recently changed from bulk billing to private billing.³⁵

While concession card holders are [eligible to be bulkbilled](#) and receive additional Medicare benefits, medical professionals are not obliged to participate in these arrangements.

It is becoming increasingly hard to find GPs who bulkbill and many of those who do are no longer accepting new patients. Part of this may be due to Medicare benefits not having kept up with inflation and a worsening shortage of GPs, which may well be an effect of GPs being underpaid. Those experiencing poverty who cannot find a GP who bulkbills are unlikely to access any healthcare until they are in enough pain that they have no other choice.

This overwhelms hospitals with problems that could have easily been addressed by GPs, were they accessible, and leaves those who can't afford private health insurance with significantly worse health outcomes.

It also means that those waiting for medical care through the public health system, who are already likely to have less money and more health problems, are left waiting much longer for care. In the public health system waiting times for relatively short procedures, such as the removal of cataracts, can be years. This is only made worse by the fact that medical specialists tend to prioritise private patients with health insurance over public patients.

It is vital that universal healthcare through Medicare is strengthened to ensure those relying on the public health system can receive affordable care in a timely manner.

³⁵ Healthed, 2022, Something needs to give, accessed at https://www.healthed.com.au/clinical_articles/something-needs-to-give/

The Medicare system largely excludes oral and dental health therapies from its benefits schedule. Effectively, the public dental care system is not part of Medicare.

The public dental care system varies between states but generally offers free or substantially subsidised dental care to eligible concession card holders. However, only 836 of the nation's 16,000 dentists are working at public clinics, which are technically looking after millions of people's dental health.³⁶

Those unable to afford dental care fees and seeking public treatment face waiting unreasonably long wait times, often causing conditions to worsen and more poor health outcomes to arise. In reality, the public dental systems in all states and territories will mostly perform urgent and emergency work on patients who often initially presented to them with manageable complaints.

This prioritisation of emergency treatments over preventative treatments is necessary due to the shortage of dentists working in the public system but leaves those unable to afford out of pocket dental care to face much worse health outcomes.

Funding for public dental care needs to be significantly increased to address the growing waitlists across the country.

Recommendation 7: That investments be made in Medicare to address the GP and bulkbilling shortage and ensure that primary health care is both accessible and affordable to those on low incomes.

Recommendation 8: That funding for public dental care is made adequate to ensure people living in poverty are able to access dental care in a timely fashion.

³⁶ Australian Institute of Health and Welfare, 2022, Oral health and dental care in Australia, accessed at <https://www.aihw.gov.au/reports/dental-oral-health/oral-health-and-dental-care-in-australia/contents/dental-workforce>

(e) the relationship between income support payments and poverty;

Current rates of income support payments are not sufficient to allow many recipients to cover day-to-day expenses and place many of them below the poverty line.

In June 2022 the Melbourne Institute compared the income support payments a range of different households would receive, including Commonwealth Rent Assistance, to the relative Henderson poverty line for each household. Pensioners were the only group whose total income was greater than the poverty line.³⁷ Even then, a single person receiving the maximum rate of the Age Pension, Disability Support Pension or Carer Payment supplements and Commonwealth Rent Assistance would only receive \$589.05 a week. This is just \$93.94 over the relevant poverty line.

Despite not living in poverty, this amount is still not enough for pensioners to live off. If a single pensioner were to rent a one-bedroom apartment in NSW for the median price of \$490 a week³⁸, they would only have \$99 left a week for all other expenses. Even if this was enough to get by, it is certainly not enough to amass any savings or have the ability to cover any larger costs that may be necessary such as replacing an appliance. In NSW, outside of the Greater Metropolitan Region, a one-bedroom apartment still costs around \$270 a week leaving just \$319 or everything else.

For a single person in the workforce the Henderson poverty line, including housing costs, is \$610.60 a week. This means that receiving the maximum rate of JobSeeker Payment and Commonwealth Rent Assistance, a single person would still fall \$200 below the poverty line. This is nowhere near enough to provide an adequate standard of living.

Generally speaking, pensioners are likely to continue to be reliant on income support payments for a long time, with over half of Age Pensioners and Disability Support Pensioners having received pensions for at least 10 years.³⁹ The average JobSeeker Payment recipient will receive

³⁷ Melbourne Institute: Applied Economic and Social Research, 2022, Poverty lines: Australia September quarter 2022

³⁸ DCJ Statistics, 2022, Rent Report, accessed at

https://public.tableau.com/app/profile/facs.statistics/viz/Rentandsales_15565127794310/Rent

³⁹ Department of Social Services, 2022, DSS Demographics September 2022, accessed at

<https://data.gov.au/data/dataset/dss-payment-demographic-data>

the payment for 183 weeks. Living off these insufficient payments long term forces people to choose between different essential services such as housing, heating or health care and can become debilitating.

In April 2020, at the start of the COVID pandemic, additional payments were provided to those receiving income support payments. This included the \$750 lump sum Economic Support Payment (that equated to \$58 per week for the June quarter) for those receiving payments such as the Age Pension; Disability Support Payment; Carer Payment; those with a relevant concession card; as well as the \$275 a week Coronavirus Supplement for those people receiving a JobSeeker Payment, Youth Allowance or Parenting Payment.

These increases were enough to bring 646,000 people out of poverty.⁴⁰ Financial stress decreased and people were able to pay their bills and afford proper meals. Clearly, increasing income support payments is the most direct and effective way to address poverty rates in Australia.

These temporary payments were reduced before being completely cut off by April 2021. At the same time, payments such as the JobSeeker Payment, Youth Allowance and Parenting Payment were permanently increased by \$25 a week, but overall, there was still a huge reduction in income of \$250 a week for singles and \$500 a week for couples compared with the maximum amounts paid in the peak of the pandemic.

After the pandemic, there were also more people receiving income support payments with 1,950,000 in April 2021 compared to 1,414,000 in February 2020.⁴¹ With more people relying on payments, poverty rates were increased once the supplements ended.

2020 costings from the Parliamentary Budget Office estimate that increasing the JobSeeker Payment to \$506 a week, compared to the current \$334.20, to make it in line with the relative 50 per cent of median income poverty line would cost approximately \$7.9 billion a year.⁴² This is a

⁴⁰ Davidson, P; Bradbury, B; and Wong, M (2022) Poverty in Australia 2022: A snapshot, Australian Council of Social Service (ACOSS) and UNSW Sydney.

⁴¹ Davidson, P; Bradbury, B; and Wong, M (2022) Poverty in Australia 2022: A snapshot, Australian Council of Social Service (ACOSS) and UNSW Sydney.

⁴² Parliamentary Budget Office, 2020, Policy Costing: Increase JobSeeker Payment

slightly lower rate than what was provided at the peak of the Coronavirus supplement but will still contribute to many people reaching or exceeding the poverty line. This \$7.9 billion a year is guaranteed to help a significant number of people to rise above the poverty line.

The current indexation of payments every six months fails to ensure payments maintain their purchasing power. Indexation is based on CPI changes in the previous quarter. This means that just prior to indexation occurring, payment recipients are covering almost nine months of cost-of-living increases. Indexation only accounts for six of these months so even after increases they are still left behind.

Over the twelve months to September 2022, pension payments lost 1.8 per cent purchasing power. This amounts to \$457.25 per annum and is a significant blow to those relying on it as their only source of income. For those receiving a JobSeeker Payment it is a \$297.66 or 2 per cent loss of purchasing power.

The establishment of the Economic Inclusion Advisory Panel is a positive step in addressing the adequacy of income support payments in an objective manner. To ensure payment recipients can maintain an adequate standard of living it is vital that the panel review all income support payments and recommend a significant increase to their rates. The panel should also examine the frequency of indexation to ensure that the reviewed payments maintain their purchasing power.

Recommendation 9: That the Economic Inclusion Advisory Panel consider the adequacy of income support payments and their indexation to ensure that payments keep up with poverty lines and maintain purchasing power.

(f) *mechanisms to address and reduce poverty*

Poverty in Australia is rampant with conservative estimates placing at least 13.4 per cent of people, or 3.3 million Australians, below the poverty line in 2019-2020.⁴³ Using the Henderson poverty line this number rises to at least 4.8 million people or 18.6 per cent.⁴⁴

Accurately measuring this number is made difficult by a lack of government-sanctioned measurement. This means there is no consistent definition of poverty, and thus discussions about poverty in Australia can become confusing and difficult.

The adoption of a formal poverty line and consistent data collection using this measure would make observing trends much clearer and allow policy responses to be better formulated and evaluated.

Cost-of-living pressures are disproportionately felt by low-income households yet attempts to ease these pressures tend to help these people the least. Measures from the October federal Budget including childcare subsidies, paid parental leave and stage three tax cuts are expected to provide \$5,740 in yearly savings to the top income quintile but only \$17 to the lowest who are actually experiencing poverty.⁴⁵

Future interventions need to be developed in a way that ensures cost-of-living relief is provided to everyone, especially those most affected by growing inflation.

Poverty has wide-reaching impacts on the lives and wellbeing of those experiencing it. This extends to employment, housing and health.

Poverty leads to less secure working conditions and difficulty finding employment. There is a growing number of people who are relying on the JobSeeker Payment for the long term and the mutual obligations system needs to make sure to support these people rather than punish them.

⁴³ Davidson, P; Bradbury, B; and Wong, M, 2022 Poverty in Australia 2022: A snapshot, Australian Council of Social Service (ACOSS) and UNSW Sydney.

⁴⁴ Australian Bureau of Statistics, 2022, Income and work: census, accessed at

<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/income-and-work-census/latest-release>

⁴⁵ ANU Centre for Social Research and Methods, 2022, Research note: distributional modelling of 2022/2 federal budget

With both the housing and private rental markets becoming more unaffordable, those with low-incomes are increasingly turning to alternative accommodation options. These options are often informal arrangements that offer minimal legislative protections and poor conditions.

The 2016 census estimated there were 116,427 people experiencing homelessness on census night.⁴⁶ It is likely this number has only increased with the average number of people accessing specialist homelessness services each month increasing 8 per cent from 2017-18 to 2021-22.⁴⁷

What little protections do exist are not sufficient. Minimum standards are poorly enforced, and current rent regulation is inadequate with no limit on how much rent can be increased.

The safety net provided by Commonwealth Rent Assistance is ineffective. The maximum fortnightly amount of Commonwealth Rent Assistance doesn't even cover rent for half of the median weekly rent of an apartment in a capital city. At the same time social housing fails to be a viable alternative for most with waiting lists reaching over 160,000 households Australia wide.⁴⁸

To support those experiencing poverty to find secure housing, more protections need to be introduced for private renters. This includes mandatory minimum standards and comprehensive rent regulation.

Commonwealth Rent Assistance needs to be increased to ensure that tenants in private rentals aren't paying more than those in social housing.

Social housing supply must be increased and maintained to ensure affordable housing is always available to those who need it.

The gap between Medicare benefits and the price charged by health care professionals is often considerable enough that people on low incomes cannot afford to seek medical help. Instead,

⁴⁶ Australian Institute of Health and Welfare, 2021, Homelessness and homelessness services, accessed at <https://www.aihw.gov.au/reports/australias-welfare/homelessness-and-homelessness-services>

⁴⁷ Launch Housing, 2022, Australian Homelessness Monitor 2022

⁴⁸ Australian Institute of Health and Welfare, 2022, Housing assistance in Australia: web report, accessed at <https://www.aihw.gov.au/getmedia/99cecfe0-c493-4fbd-bbc3-953f526852b7/Housing-Assistance-in-Australia.pdf.aspx?inline=true>

they rely on the public health system and can be left waiting years for simple procedures. This is exacerbated by the fact that many GPs do not offer bulkbilling, leaving those who can't afford the out-of-pocket expense to postpone treatment until their problem has worsened. To improve health outcomes and avoid hospitals being overwhelmed by preventable conditions, Medicare must be improved to ensure people can receive affordable healthcare no matter what their income.

For those without private health insurance, the cost of dental care can be prohibitive, meaning that those without private health insurance rely on the public dental system. This system varies between states but in all states it is common for patients to be waiting months or years to receive treatment. Even then they will likely only receive treatment once their condition has worsened and they are in extreme pain. To ensure that people living in poverty can access dental care in a timely fashion the system must be better funded and resourced.

Income support payments fail as a sole source of income. Most income support payments fail to provide enough to keep people above the poverty line let alone provide a decent quality of life. The only payment that is above the poverty line is the Age Pension and even then the current rate is not enough to do anything beyond just covering the basics, especially for those who don't own their homes.

Payments fail to maintain purchasing power with indexation currently occurring every six months. Over the twelve months to September 2022 pension payments lost 1.8 per cent purchasing power, or \$457.25, and the JobSeeker Payment lost 2 per cent purchasing power, or \$297.66. In times of high inflation, bi-annual indexation doesn't allow payment recipients to keep up with cost-of-living expenses.

It was demonstrated through the COVID-19 pandemic, when additional Coronavirus Supplements were provided to those receiving income support payments, that increasing the amount of income support payments directly led to 646,000 people receiving an income above the poverty line.⁴⁹

⁴⁹ Davidson, P; Bradbury, B; and Wong, M (2022) Poverty in Australia 2022: A snapshot, Australian Council of Social Service (ACOSS) and UNSW Sydney.

The newly established Economic Inclusion Advisory Panel needs to consider the adequacy of income support payments and ensure that all recipients receive enough to provide an acceptable living standard. The panel should also consider the frequency of indexation to ensure payments keep up with inflation.