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to

## The Great Aussie Poverty Debate 'Kick Off', 25 May 1996, Brisbane Winners and losers; trends and directions

My brief-to look at what we mean by poverty. Lots of numbers thrown around-do we have half a million, two million or four million people in poverty? Is this real or just the special pleading of a growth industry?

Most Australians still aspire to all having a 'fair go'. We do want to respond to poverty, both here and Australia.

But major changes in our economy and our society are making this aspiration more remote-and more narrow.

We are concerned about poverty for three reasons:

1. hardship-

people have to unreasonably do without, they suffer in terms of health, for example, as a result

2. unfairness-

unacceptably high degree of inequality, suffer from being excluded,'left behind

3. poor chances-

unacceptably unequal opportunities for self-advancement, often resulting from hardship or unfairness

Doing something about poverty means acting on all these.

Measuring poverty is usually about measuring how people's incomes differ from a particular line-inevitably a lot of possible arbitrariness about this.

And often people we think of as clearly being in poverty-homeless, not receiving social security incomes, very transient-are not even represented in these statistics.

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This line can be set to try and capture hardship ('absolute poverty')

- eg some UN definitions-how much does it cost to buy a certain amount of food
- or a prescribed basket of goods-eg USline set in 1950s-since then real wages lifted for most people, making the poverty line seem extremely low.

Or it can be set to capture inequality.

- For example some researchers set a poverty line as 50% of Average Weekly Earnings. Since Australian pensions and benefits are generally above this" this suggests few people in poverty.
- But shift to 60%, numbers come up much higher.

In Australia, the HPL was originally linked to basic wage-which was seen as legitimate measure of a reasonable standard of living. Essentially HPL represents the bottom of the wages system-says that no-one should be left behind this if unable to work.

- eg single adult-to earn the HPL would be working full-time at around \$6 per hour.
- In fact we know very few full-time employees earn less than \$8 per hour.

Some 1% to 2 million Australians report incomes less than the HPL.

If add those on income near the poverty line (up to 120% of HPL, Henderson suggested could be seen as 'rather poor', then significantly more.

While estimates vary considerably with assumptions, our assessment is that numbers have grown since the 1970s-despite improvements to social security incomes-and it is not hard to see why:

- unemployment numbers very high (over 800,000 today, and rising rather than falling);
- less secure work,
- sole parenthood,
- social security payments not rising in periods when many people have seen their wages increase.

It is these real trends, rather than abstract numbers, to which we as a community have to respond.

If we want **evidence of poverty**, we can look at evidence of hardship, inequality and less equality of opportunity-the three reasons why we care about poverty in the first place.

1) **hardship-**

- in Victoria, more people coming to emergency relief agencies (despite economic upturn)-unable to pay for basics particularly electricity, water, school costs.
- National Health strategy.....low incomes linked to health

2) **unfairness-**

- evidence of growing inequality in wage incomes, now risk of people getting further behind with deregulation of wages;
- example from Herald Sun-single mothers costing taxpayers \$172,000 pa-so people living on the same money we pay many top public servants

3) **poor chances-**

- Brotherhood's Life Chances series-looking at young children-already see that by age three those on low incomes (less than 120% of Poverty Line) some developmental delays, some health problems
- risk of decline in spending on public education-in Victoria spending set to fall from 3% of state product to 2% over 10 years-dual system being rebuilt?
- similar risk with health with cuts to hospitals.

Poverty represents a challenge to us all-not to go and somehow find and label those who are poor, but to **address the forces** which deny people inequality of opportunity, which exacerbate divisions of income, race and gender, and which leave people in hardship.

Shifts in our economy and in our society have not only led to greater inequality and poverty but might lead to greater concentration of disadvantage in the future.

This is not inevitable; indeed, Australia is far better poised to avoid this than are many other nations.

We know a lot about how to do this. It is not beyond us.

- It is a matter of pursuing **full employment** far more seriously than we do. (Not 6 per cent unemployment, either).
- It means **wages** which allow people to participate fully in the community

- It means good social security payments for those who cannot find work or whose caring responsibilities take precedence.
- It means high quality basic services available to all citizens.
- It means special access programs to those with special needs or whose culture, education or low income is in itself a barrier to service use.
- It means a good tax system, robust enough to meet the needs for our public service and fair enough to redistribute from those blessed by good fortune to those less so.

We have at least as good a starting point as most countries in the world to avoid much of what we understand as poverty. What we need is the will and enthusiasm-which this Year must help create-to bring it about.

**Appendix: trends**

These trends are both economic and social, and these two domains naturally interact.

*Economic-*

- Slower economic growth means less likely growth in incomes for all.
- Some people see incomes falling behind, especially part-time workers.
- Slower employment growth, higher unemployment, longer periods of unemployment.
- Higher stresses on low wage earning families.
- Greater pressure on welfare state-deregulation of economy, whittling back of 'protections', may increase inequality too as redistribution takes place in the name of efficiency.
- Latest manifestation is the shift to replace employment with contract relations (employees bear risks rather than employers.)

*Social-*

- Greater emphasis on people as economic units,
- Greater individual autonomy,
- Aspirations which embody increased future affluence-borrowing more than in the past-and then seek to attain this {thus increase hours of work as way of households improving situations at time of slow wages growthL
- Extraordinary information-time trade-offs (eg TV);
- Continuing radical shifts in human interactions.
- New forms of community.
- Higher separation, sole parenthood.
- Higher educational expectations.
- Collapse of youth employment; extension of youth dependency.
- Demographic-rural-urban consolidation continues.

## These suggest that

- high unemployment likely in future unless expanded public sector or other mechanisms-could well see short-term increase back 9-10 per cent-needs continuing efforts to avoid entrenching long-term unemployment;
- sole parenthood not likely to grow further-needs continuing efforts to facilitate greater economic independence and stronger family contexts;
- youth unemployment-need better ways of linking school and work but must make sure that early school-leavers not left behind;
- older people-some still missing out;
- colonising of former non-profit community-based areas (eg Community Health Centres, churches) by for-profit providers (eg private Medicare-funded free doctors, TV evangelists) as cash nexus between individuals becomes more dominant-cannot assume that public sector can withdraw and 'communities' will take up the challenge;
- so we will need to develop conscious public mechanisms to avoid exclusion, hardship- this will involve all sorts of government action-more, rather than less, in many areas.