



Brotherhood
of St Laurence

Working for an Australia free of poverty

The extent and nature of poverty in Australia

Submission to the Senate Community Affairs
References Committee

Brotherhood of St. Laurence

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Summary of recommendations

Poverty impacts people's ability to make choices and live lives they value. The people the Brotherhood of St. Laurence (BSL) works with who are experiencing poverty make ends meet by cutting back on food, energy and other 'discretionary' costs, borrowing from friends and family, deferring payments, relying on charities, seeking advances on income support, and incurring debt through credit cards or buy now, pay later (BNPL) for everyday costs.

Structural challenges such as inadequate social security, insecure work and low wage growth, and long-term underinvestment in social infrastructure (including social housing) are key drivers of poverty and barriers to economic security.

BSL recommends that government:

- adopt a multidimensional approach to poverty reduction and an economic equity framework informed by the capabilities approach, as part of its forthcoming wellbeing framework (Measuring what matters). This could include legislated poverty measures as well as a non-legislated multidimensional poverty index
- substantially increase the base rate of working-age social security payments
- commit to lifting wages and improving the quality and security of work. This should be accompanied by a process of fundamental system redesign of employment services to ensure all jobseekers experiencing disadvantage are supported into decent, meaningful jobs and careers, while addressing the workforce needs of employers and industry
- significantly increase investment in social housing
- review and increase Commonwealth Rent Assistance and index it to rents
- increase funding for contracted services to align with CPI to ensure that timely service and support is available when people need it
- implement a large-scale home energy efficiency upgrade program that provides tiered support according to people's level of need and ability to pay
- support a deeper review of the structure, rates and associated conditions of social security payments, building on the work of the new Economic Inclusion Advisory Committee.

1 The Brotherhood of St. Laurence

The Brotherhood of St. Laurence (BSL) is a social justice organisation working alongside people experiencing disadvantage to prevent and alleviate poverty across Australia. Our mission is to pursue lasting change, to create a more compassionate and just society where everyone can thrive. Based in Melbourne, but with a national profile, our approach is informed directly by people experiencing disadvantage and uses evidence drawn from our own and others' research, together with insights from our programs and services, to develop practical solutions that work. We have a long history of helping to build better pathways to participate in our economy and society through our service delivery, policy work and research.

Our history working towards an Australia free of poverty

BSL's vision is an Australia free of poverty and we have been working towards this vision since the 1930s. Our work, inspired by [Father Tucker](#) and sustained throughout our history, drives systemic change and improves outcomes for the people and communities we serve. This submission draws on our long history and broad expertise in this space.

Our approach to overcoming poverty goes beyond monitoring income levels to focus on building economic security, social inclusion, wellbeing, and empowerment and dignity:

- **Economic security** – Everyone can meet their material needs without risk or fear of deprivation
- **Social inclusion** – Everyone can engage and participate in all domains of Australian society without discrimination
- **Wellbeing** – Everyone can attain physical and mental wellbeing, living safely and securely
- **Empowerment and dignity** – Everyone can direct their own development, contributing to decisions that affect their lives.

We have worked to achieve this through our:

- **Service practice approach** – We build the capability of people who experience disadvantage, through our community programs, disability services and aged care services, so that they can find sustainable pathways out of poverty
- **Research and social policy** – Our Social Policy and Research Centre conducts research to understand the ways we are all affected by poverty and inequality and builds evidence to inform social policy
- **Advocacy** – We leverage our research and service innovation to drive policy reform, system reform and social change to reduce poverty
- **Impact framework** – Our monitoring, evaluation and learning systems enable reflection, adaptation, and impact.

2 Multidimensional approaches to understanding poverty and disadvantage in Australia are important

BSL's understanding of poverty and inequality is informed by the Capabilities Approach, developed by Amartya Sen and expanded by Martha Nussbaum and others. This approach understands poverty as the deprivation of real opportunities to do and be what one values, rather than focusing solely on the resources people may be able to mobilise to achieve wellbeing. It allows for an evaluation of the extent to which people have real freedoms to enable them to lead lives that they have reason to value (Sen 1995; 1999). This includes considering how systems, structures, norms and processes can enable or constrain people's agency and their capability to convert resources into positive outcomes.

While income-based poverty measures are essential, they only provide a partial picture of the extent and nature of poverty and disadvantage. Understanding poverty as multidimensional is increasingly common. For example, child poverty researcher Sharon Bessell's multidimensional framework for child poverty, which is informed by the capabilities approach, includes material poverty, relational poverty and opportunity poverty (Bessell 2021). Similarly, [New Zealand's efforts to combat child poverty](#) seeks to recognise the importance of multidimensionality by setting targets across four poverty measures. These include two income-based poverty measures (below 50% of median income, before housing and after housing), a material hardship measure and a measure of poverty persistence over time.

BSL recommends that government adopt a multidimensional approach to poverty reduction and an economic equity framework informed by the capabilities approach as part of its forthcoming wellbeing framework ([Measuring what matters](#)).

Different measures of poverty highlight different aspects of disadvantage, emphasising the need for a multidimensional approach (see box).

Box 1 Examples of measures of poverty that highlight different aspects of disadvantage

Relative poverty line

Relative definitions of poverty set poverty at a percentage of defined income levels. In Australia, 50% of median income is most commonly used. Increasingly, researchers consider the costs of housing when calculating income, as households with lower housing costs can afford a higher standard of living than those on the same income with higher housing costs. The latest report from ACOSS and UNSW, which uses the 50% threshold, set the poverty line at \$1027 per week for a couple with two children in 2019–20, resulting in an estimated 13.4% of the population living in poverty (Davidson, Bradbury & Wong 2022). [OECD estimates](#) for Australia in the same period exclude housing costs, resulting in a slightly lower poverty rate of 12.6%.

Henderson poverty line

The Henderson poverty line is a relative approach which estimates income required to meet basic needs. It defines those below the poverty line as very poor and those 20% above it as rather poor (Henderson 1975). This poverty line is updated quarterly. In the most recent update (September 2022), the poverty line for a family comprising two adults, one of whom is working, and two dependent children is [\\$1,146.88 per week](#). Using 2017 ABS Household Expenditure Surveys data, [an estimated 10.2%](#) of the population would be considered very poor. Developed in the 1970s, the Henderson poverty line is now used less often as economic and social changes, such as the decline of male breadwinner households and full employment, have weakened the underlying assumptions.

Multidimensional deprivation

While income-based approaches have their uses, a key critique is that income does not necessarily reflect living conditions (Saunders & Naidoo 2018). The multidimensional deprivation approach puts forward a model that reflects people's actual living conditions and how they deviate from community standards of an acceptable standard of living (Saunders & Naidoo 2018). Using this model, people are asked whether access to certain items, services or conditions are essential, such as ability to heat their home or reliance on charities, whether or not they have them or can access them, and whether or not they can afford them.

Social exclusion

The social exclusion monitor (SEM) is the work of BSL and the [Melbourne Institute of Applied Economic and Social Research \(MIAESR\)](#) on the prevalence, depth and persistence of social exclusion in Australia based on the [Household, Income and Labour Dynamics in Australia \(HILDA\) Survey](#). The SEM examines 30 indicators across seven life domains to create a combined exclusion score. The measure includes both relative and absolute components that impact people's opportunities and quality of life changes, such as income, wealth, employment, education, health and social factors. Rates of social exclusion tend to be higher than rates of relative income poverty, with marginal social exclusion affecting 19% of Australians in 2018. Deep social exclusion affected 6% of Australians in 2018 and very deep social exclusion affected 1.3%.

3 Drivers of poverty in Australia

Poverty, inequality and social exclusion limit opportunities and exacerbate the risk of harm. Almost a [third \(28%\) of Australians](#) faced 'persistent' exclusion in the ten-year period from 2009 to 2018, having experienced some degree of social exclusion in at least three years over the period.

Structural challenges such as the impact of rising living costs, inadequate social security, insecure work and low wage growth, and long-term underinvestment in social infrastructure (including social housing) are key drivers of poverty and barriers to economic security.

Rising living costs

Recent cost of living increases have disproportionately impacted low-income households, who spend a higher proportion of their income on essentials. Importantly the cost of essentials has risen even faster than the 7.4% increase in CPI, rising by 8.4% in the 12 months to December 2022, driven by strong increases in the price of housing and utilities (10.7%), food (9.2%) and transport (8%). These increases come at a time when many low income households were already struggling with the cost of essentials, with [41% of households in the lowest income quintile](#) were in energy stress in 2020, while [42% of low income households](#) were in rental stress.

In contrast, wages rose just 3.1% over the 12 months to September 2022, with the 5.2% increase in the minimum wage in July 2022 failing to keep pace with prices. Allowances (e.g. JobSeeker Payment) are indexed to CPI, which will deliver an estimated \$24.70 rise for single people receiving JobSeeker Payment on 20 March 2023. However, given the higher proportion of essential spending of income support recipients and continuing inflation, this modest increase is unlikely to protect those on income support from rising prices. As Darren, who is 60 and relies on JobSeeker Payment, told us:

It [JobSeeker Payment] might have gone up a little bit. I think it's gone up by \$20, \$30 – but it doesn't make a big difference. Because all the price of groceries and everything is going up. So, what little they give, it just goes again.¹

Inadequate, conditional and punitive income support payments

While Australia has a mechanism for setting minimum wages, there is no equivalent for the social wage and, consequently, the rate of working age social security payments remains well below the poverty line. During the COVID-19 pandemic, despite increased unemployment, the \$550 per fortnight Coronavirus Supplement, introduced in March 2020, lifted almost half a million Australians (470,000) out of poverty, including 75,000 children (Grudnoff 2021). Many people receiving working-age payments were able to meet their basic needs for the first time, which had a significant positive impact on the health and wellbeing of their children and families (Phillips & Narayanan 2021). Poverty rates for children of single parents fell from 39% to 17% (Social Ventures Australia and Brotherhood of St. Laurence 2021). This strongly demonstrates what

¹ Unless otherwise noted, the quotes included in this submission come from the [Making Ends Meet in Tough Times study](#). All names are pseudonyms.

government intervention in the social security system can achieve to prevent people from living in poverty.

However, the supplement was progressively removed and in April 2021 it was replaced with a permanent increase of just \$50 per fortnight. The government's decision to cut and ultimately remove the Coronavirus Supplement is estimated to have pushed hundreds of thousands of people back into poverty (Grudnoff 2020).

Even people on pensions, which are higher than JobSeeker Payment and notionally above the Henderson poverty line (Melbourne Institute 2022), have high rates of poverty. Taking into account housing costs, [45% of those receiving the Disability Support Pension \(DSP\)](#) and [28% of those receiving the Age Pension](#) were living in poverty in 2018.

Mutual obligations apply to many social security payments and apparent infringements can result in payment suspensions. These further erode the adequacy of payments. In November 2022, 6% of people receiving JobSeeker Payment and 2% of people receiving Parenting Payment faced a payment suspension. The [Joint Parliamentary Committee on Human Rights](#) found that payment suspensions embedded in ParentsNext limited human rights, by leaving families unable to meet their basic needs, causing harm to both parents and children. Use of punitive sanctions can lead to a range of [negative consequences](#), including disengagement from the social security system; increased poverty and destitution; movement into survival crime; and exacerbated ill health and impairments.

Increased reliance on JobSeeker Payment long term

The composition of those receiving unemployment payments has changed over the past decade, with more now on the payment long term. Our [Dead ends](#) research highlights how the tightened eligibility for the Disability Support Pension has left people with disability and/or chronic health conditions stuck on the JobSeeker Payment long-term. In December 2022, [43% of those on JobSeeker](#) were assessed as having partial capacity to work, more than double the rate observed a decade ago.

Single parents are also shifted to the lower JobSeeker Payment when their youngest child turns 8. This has contributed to single parent families having the highest poverty rates by family type at 35% in 2017, with 44% of children in single parent families are living in poverty, compared with 13% of children in couple families (Davidson et al. 2020).

As a result of these changes, the average duration on the JobSeeker Payment has increased from 99 weeks in January 2012 to 179 weeks in December 2022, with 56% being on the payment for over 2 years. This is despite JobSeeker (and its predecessor NewStart) being explicitly designed as [short-term payments](#).

Barriers to accessing payments

The current liquid assets test means that people must use up the bulk of their savings before they are eligible for working-age payments. When people lose a job, current system settings require that they spend their savings while searching for new employment, which makes it hard for people to recover financially. For example, Paul, a 63-year-old living in a converted shed in a friend's backyard, had been made redundant. When he applied for Jobseeker Payment he was told, 'We can't pay you now till basically you've spent it [your savings]'. He said:

I could understand it if I owned a sheep station somewhere or I was living in Toorak, and the house was worth six million, but when I'm living in someone's backyard, and we're talking twenty grand, I thought well, really?

Exclusion of temporary visa holders from support

Delays in processing applications for permanent residency and the state of limbo faced by those on bridging visas leave families unable to build new lives for themselves and their children. Visa restrictions and the Newly Arrived Residents Waiting Period limit access to services and support. This can contribute to family stress and affect child wellbeing. For example, David who is waiting for permanent residency, is not eligible for income support. He told us, there's 'no money to buy what the household needs, no money to buy our son new shoes. No money to buy medications'.

Low wages, insecure work and underemployment

Poverty is not limited to people who are unemployed or whose sole source of income is social security payments. Some 38% of all people in poverty in Australia live in wage-earning households (Davidson et al. 2020). In 2019, 12.5% of casual workers had earnings below the poverty line, highlighting the role of low wages, underemployment, job insecurity and income volatility in contributing to poverty.

Moreover, Jobseeker Payment is not solely for those who are unemployed, and many rely on the payment long-term. Single parents, people with partial capacity to work, and mature age people are caught in a poverty trap – stuck long term on very low incomes. If people receiving payments get work, they face [high effective marginal tax rates](#). George, a participant in our financial inclusion programs and a single dad, explained: 'The more I work, Centrelink takes more money. It is a struggle. And there's no real incentive for me to work more. I know I'll get penalised.'

Stagnant wage growth, endemic underemployment and insecure work – coupled with increasing inflation, declining housing affordability and [rising power prices](#) – are putting immediate pressure on low-income households, while also threatening to deepen long-term disadvantage.

Unaffordable housing

Around a quarter of renters are in poverty (Duncan 2022). Rising rents and low payment rates are increasingly locking people out of homes. In March 2022, [Anglicare](#) found that just 0.1% of properties were considered affordable for people receiving DSP or Parenting Payment (Single), while 0% were considered affordable for people receiving JobSeeker Payment. Commonwealth Rent Assistance has not kept pace with rising costs, with the Productivity Commission finding that [63% of recipients](#) are still in housing stress (according to June 2022 figures). This has left people caught on long waiting lists for public housing (e.g. 8 to 10 years in Seymour). Natural disasters such as floods, have further reduced housing supply, forcing families into housing that is unsatisfactory or beyond their means.

Rising interest rates have left many home buyers in mortgage stress. Reserve Bank research suggests that [15% of all homeowners](#) would see their spare cash flow turn negative once the cash rate reaches 3.6%. This, combined with falling property prices, has put many recent home buyers at risk of losing their homes while remaining in debt.

4 Experiences and impacts of poverty and economic insecurity in Australia

Poverty impacts people's ability to make choices and live lives they value, affecting overall wellbeing. The people we work with make ends meet by cutting back on food, energy and other 'discretionary' costs, selling what little they have, borrowing from friends and family, deferring payments, relying on charities, seeking advances on income support, and incurring debt through credit cards or buy now, pay later (BNPL) for everyday expenses. Repayments of debts, including Centrelink advances, reduce their fortnightly income, leaving them trapped in an unending cycle – never able to catch up.

Poverty is expensive

Low incomes limit options and increase risk, with many people on low incomes forced to [make tough choices](#), like whether to eat or pay the rent. When income only just covers expenses, saving becomes impossible, increasing the challenge of managing unexpected expenses, like car repairs or school excursions, and leaving people focused on survival rather than the future. As the cost of essentials has risen faster than incomes, more families are struggling to make ends meet, as Carolyn, a widowed mum of two working part-time, explained:

I'm just constantly thinking about how I can make it all work. My power bill came in last week and it was \$110 more than this time last year. Costs are increasing.

Many households delay paying bills as a way of making do, which attracts penalties and so increases total costs. As a result, low-income earners more likely to rely on payday loans or buy now pay later purchases. Emma, 50-year-old single mum of two kids on JSP told us:

Let one week of my mortgage go so I could pay some of my electricity and gas bills. Then I borrowed some money to get the essentials and medicines for my kids.

Poverty limits access to safe and secure housing

The current housing crisis compounds existing challenges making ends meet. Many poor households spend a high proportion of their income on housing and face limited options. Many people we speak to talk about the increasing difficulty of finding anywhere to live. Rodney, a 57-year-old who has recently divorced, shared:

I just can't believe in the last year just how difficult it is to find somewhere to rent and how things are expensive. 50 applications for a house. Some of these houses, they're not even habitable. Unless you've got a full-time secure job – that's fine. But in a situation where you've just got a casual job, they don't even let you in a lot of rentals today.

Many low-income households are forced to accept housing that is inefficient, unsafe and a long way from services, job opportunities, services or social networks. This results in higher energy bills, transport costs and insurance premiums: and it leaves poor households [more vulnerable to the impacts of climate change](#) because they are less able to avoid high risk locations and protect themselves and their assets through insurance. Housing is a constant source of anxiety for the people we speak to, with many [fearing they are one rent rise away from homelessness](#). Ella, a

mother of a seven-year-old whose contract work was coming to an end and participant in our [Trampolines, not traps](#) study, explained:

I don't know where we will end up if we have to move— my first thought was that my backup would be the car. If I lose [the car] I will be in breakdown mode.

Poverty creates a barrier to employment

Inadequate income support traps people in poverty and undermines efforts to retrain or seek work. People we have talked to report high levels of anxiety, distress, exhaustion and sleeplessness from the never-ending cycle of trying to make ends meet. High transport and childcare costs keep many out of the labour force. Jess, a 34-year-old mother of three, said:

When our son was born we weren't aware of just how expensive day-care would be, so that was – yeah, that was a really big shock. And then hence I've stopped working to stay at home with the children.

Poverty limits people's ability to manage their health

Our research shows many low-income households regularly skip meals to save money, affecting their physical, mental and social health. Households struggling to afford food may also forgo healthcare and/or medications due to a lack of money. Poor nutrition increases the risk of chronic conditions such as diabetes, heart disease, obesity, hypertension, arthritis, back problems and poor mental health. Kerry, a 60-year-old single Disability Support Pensioner, summarised the challenges she faced managing her health issues on a low income:

I'm living on a shoestring, and my health is suffering as well. The doctor says to me, 'Your diabetes is high, you've got to eat better.' And I said, 'Well, I can't eat better because there's no money.' If I had the money, of course you can buy better food ... and I would go to the gym as well, but I can't do that because there's no money. He wanted to send me to a dietitian and I said, 'Well, you're wasting your time. I know what to eat, the problem is I can't.' Instead of buying a steak, you've got to buy potatoes because you can't afford the steak. This is where my depression comes from, from all this stress and poverty, not being able to make ends meet.

Low-income households [are more likely to be in energy stress](#) and often live in energy inefficient homes. Many going without heating and cooling, potentially exacerbating health issues. Jody, 41-year-old stay-at-home mother of two, told us:

Because everything, like electricity is going up, the water, and gas as well ... especially coming into summer, because I've got MS, I have difficulty regulating my temperature, so the air conditioning is fairly important.

Poverty creates social isolation

Many low-income households avoid social events due to cost, increasing isolation and the [stigma of being poor](#). This results in those experiencing poverty or in financial stress being at greater risk of [loneliness](#). Joanne, a 39-year-old single mother of four on JobSeeker Payment, felt she had to avoid celebrating Christmas with family due to the shame of poverty:

I feel like this year in particular, we will struggle so much to do Christmas. I did take my sons to free festive activities but there is always a cost associated with travel and food. I'm not even sure if I will attend Christmas lunch with extended family due to not being able to give gifts as my children would receive. I don't like taking but not being able to give, I would feel shame and embarrassed if I can't provide gifts for my extended family.

Poverty impacts children's development

Despite parents' best efforts, poverty affects children. They miss out on the basics and on opportunities, like school camps or sports. [Poor nutrition impacts school performance](#), leaving low-income children behind. As one participant in the [Trampolines not traps](#) study told us:

I don't get to go out and do activities that I'd always like to do with him. I'd like him to do something like Little Kickers, I think would be good for him but it costs a couple of hundred dollars a term and I can't afford that. It's hard [because] he's always fed but it's not always like the nutritious meal that I'd like it to be. Sometimes it might just be like a tin of spaghetti or something.

Poverty and increasing living costs are leading to greater reliance on charity

According to [Foodbank's Hunger report 2022](#), 21% of Australia's two million households experienced severe food insecurity in 2022. The increased cost of living and low social security and wages were the most common reasons for food insecurity. This has led to greater reliance on foodbanks and other crisis supports as well as more people unable to access support. As Kerry, shared:

I received Food Parcels from charities [to make ends meet], but even they are giving less and less because more and more people are going to them for assistance. Without them I would not be able to eat every day.

This is leading to some households turning to high-cost debt options for essentials, such as buy now, pay later products.

Poverty creates long-term challenges

The risk of remaining poor or returning to poverty in the future increases the longer a person stays in poverty, making poverty itself a driver of poverty (Azpitarte & Bodsworth 2015). Persistent poverty increases stress and constrains access to the basics required to live a full and healthy life, with long-term implications. People living in the most socioeconomically disadvantaged areas are [twice as likely to die prematurely](#) as those in the most advantaged. Jennifer, a single mother in her fifties and participant in our [Hard times](#) study, shared with us the impact of long-term poverty and financial stress on her health:

I have physical illnesses because I didn't eat for a very long time. I fed my children but yeah, you know, just to make ends meet ...

Living in a constant state of financial stress and limited opportunities increases the risk of mental health issues such as depression and anxiety and leaves some without hope for the future. Kerry told us when reflecting on her financial situation and outlook:

There is no future, the only future is death. And I don't mean to sound morbid or anything, but I'm so limited in everything I can do that sometimes I think well, Lord give me cancer so I can die because I can't take it anymore.

5 Poverty is a policy choice: mechanisms to address and reduce poverty

Poverty and social exclusion are best addressed through equitable economic growth policies that focus on employment, together with social security and social services that build people's capabilities to fully participate in society. Key policy mechanisms are outlined below.

Adopt a multidimensional approach to poverty reduction

As we have argued throughout this submission, BSL recommends the adoption of a multidimensional approach to poverty reduction and an economic equity framework informed by the capabilities approach. This could include legislated poverty measures as well as a non-legislated multidimensional poverty index. In a recent [submission](#) we welcomed the [Measuring what matters](#) work being undertaken by Treasury as an important first step towards a more holistic understanding of disadvantage. Attention to the structural factors that trap people in poverty is essential. For example, [BSL's financial wellbeing framework](#) highlights the importance of addressing systems and structures that constrain people's capability to save money and avoid debt, including financial systems (e.g. lending practices), the labour market (e.g. availability of secure work for fair pay), adequacy of social security, and access to essential social infrastructure, such as affordable health care, education, transport and housing.

BSL recommends that government adopt a multidimensional approach to poverty reduction which could include legislated poverty measures as well as a non-legislated multidimensional poverty index.

Reform the social security system

There is an urgent need to lift working-age payments above the poverty line. Modelling commissioned by BSL and Social Ventures Australia shows that increasing overall social security spending by even 10 per cent would lower the poverty rate of households on allowances by almost half, from 88 per cent to 34 per cent, and lower financial stress by almost 16 per cent (Phillips & Narayanan 2021). This demonstrates the strong impact that higher social security expenditure would deliver.

BSL recommends that government substantially increase the base rate of working age social security payments.

The most recent comprehensive review of Australia's social security system, the [McClure Review of Australia's Welfare System](#), was undertaken between 2013 and 2015. Since that time, major social and economic disruptions and labour market changes have occurred with disproportionate impacts on people on low incomes and significant implications for the social security system. We argue that there is a need to examine the entire social security system, to better meet current and future challenges of the 21st century. While the establishment of the Economic Inclusion Advisory Committee will ensure that the adequacy of social security is considered ahead of each federal budget, a broader review is needed to expand this work.

Aside from mechanisms to adjust income support payments in line with CPI or wages, there is no existing mechanism to determine the rates of social security payments. As we have outlined in

this submission, without regular review of their structure, rates and associated conditions, payments have become inadequate and inconsistent, and poverty traps have been created. This ad hoc system falls below the standards used by other Australian public institutions to set rates such as minimum wages, the cash rate and the remuneration of key Commonwealth offices. Consequently, our social security system has become ‘a system out of time’ that does not meet community expectations or build people’s capability and confidence to achieve long-term economic security or move in and out of work, care and learning across the life course (Thornton, Bowman & Mallett 2020).

BSL recommends that government support a deeper review of the structure, rates and associated conditions of social security payments, building on the work of the new Economic Inclusion Advisory Committee.

Commit to full employment and reform the employment services system

For too many people in Australia, if they are disconnected from education, find themselves unemployed, or are moving in and out of work as they balance other responsibilities, the employment and training system does not lift them up, but traps them in poverty and disadvantage.

Australia needs an employment services system where the number one priority is to build effective and empowering pathways for economic and social participation, especially for those who are most disadvantaged.

Our proposed approach is outlined in [our submission](#) to Treasury in response to the Employment White Paper Consultation and will be elaborated further in our submission to the Select Committee on Workforce Australia Employment Services later this month.

BSL recommends that government commit to lifting wages and improving the quality and security of work. This should be accompanied by a process of fundamental system redesign of employment services to ensure all jobseekers experiencing disadvantage are supported into decent, meaningful jobs and careers, while addressing the workforce needs of employers and industry.

Invest in social infrastructure

Housing

Rates of housing stress are rising sharply. Government can address this issue by continuing to expand the supply, flexibility and quality of social housing.

BSL recommends that government significantly increase investment in social housing.

Rent assistance should also be reviewed in line with the Productivity Commission recommendations (including maximum and minimum rent thresholds and payment rates, indexation, income tapering and eligibility) to ensure that the payment reflects current need and rental conditions.

BSL recommends that government review and increase Commonwealth Rent Assistance and index it to rents.

Moreover, reform is needed to rebalance power between property investors and owners. This should include improving the rights of tenants to longer tenure and protection from rent increases, in addition to looking at the tax incentives for investors such as negative gearing and capital gains discounts.

Critical social services

Social services play a critical role in poverty prevention and alleviation. However, the growing costs of delivering critical community services are constraining capacity at a time when the need for support is increasing. For BSL services delivered through government contracts, indexation currently ranges from a low of 0% to a high of 2% p.a., while costs are increasing at more than 7% p.a. Without adequate and consistent indexation, people in need will miss out on services and support as organisations strive to contain operational costs.

BSL recommends that government increase funding for contracted services to align with CPI to ensure that timely service and support is available when people need it.

Home energy

Recent energy price increases have emphasised the need to address energy stress as a mechanism to reduce poverty, as highlighted in our [Power pain](#) report. Alongside systemic reforms, we recommend a large-scale home energy efficiency upgrade program that provides tiered support according to people's level of need and ability to pay. Such a program would include measures to upgrade over 1 million major household appliances/fixtures in low-income homes, and save participants over \$500 million per year, or \$6 billion over the life of the appliances.

BSL recommends that government implement a large-scale home energy efficiency upgrade program that provides tiered support according to people's level of need and ability to pay.

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