Social Policy and Research Centre

Making ends meet

Fostering security and dignity in tough times

Dina Bowman, Emily Porter and Margaret Kabare

2024

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Dina Bowman is Principal Research Fellow; Emily Porter is Senior Research Fellow; and Margaret Kabare is Senior Research Officer in the Work and Economic Security team in the BSL Social Policy and Research Centre.

This research was conducted as part of the SEED Project.

THE SEED PROJECT
Sustaining Economic Empowerment and Dignity for Women

Acknowledgement

We acknowledge the considered and generous contribution of the people who took part in this study. We also would like to thank our research assistant Jonathan Bak for his contribution to the study.

Published by

Brotherhood of St. Laurence
67 Brunswick Street
Fitzroy, Victoria 3065
Australia

ABN 24 603 467 024

ARBN 100 042 822

T (03) 9483 1183

www.bsl.org.au

Suggested citation: Bowman, D, Porter, E & Kabare, M 2024, *Making ends meet: fostering security and dignity in tough times*, Brotherhood of St. Laurence, Fitzroy, Vic.

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Summary

Long-term shifts in the drivers of financial stress, such as increasingly inadequate income support and the rise of insecure work, have collided with the cost-of-living crisis. Over the past five years, Australia has faced increased uncertainty and worsening underlying inequalities. Decades of piecemeal policy change has failed to correct these trends, while the brief hope for bold policy shifts in response to the COVID-19 pandemic has faded. Even before the current cost-of-living crisis, too many households had to cut back spending or take on more work, just to stay afloat in the face of recurrent shocks. The impact of these shocks on the most vulnerable can be viewed as an ongoing crisis that has been decades in the making. Therefore, while data for this study was collected in late 2022, the long-term drivers of financial stress have not abated, leaving many still struggling to make ends meet and creating a need for bold policy change.

The study

To better understand financial stress in times of crisis, we interviewed 43 low to middle-income people across, urban, peri-urban and regional areas in Victoria in late 2022. Most reported multiple indicators of financial stress. We asked them about their financial situation and how they made ends meet. After the initial interview, we emailed participants asking them to complete a brief survey or financial diary every fortnight from 20 October until 15 December 2022. We used this approach to elicit details about income, credit and debt, how they managed money from day to day, and subjective feelings of financial wellbeing. This study built on the 2017 Spinning the Plates study which drew on the approach used by Murdoch and Schneider (2018) in their landmark US Financial Diaries research. Our analysis provided insights to inform bold policy reform that fosters security and dignity.

Key points

The cost-of-living crisis has collided with the existing long-term drivers of financial stress, such as insecure work and inadequate income support. Soaring costs and unaffordable housing expose low and middle-income households to a web of intersecting risks. Those most affected include people relying on uncertain incomes, those experiencing unemployment, as well as those locked out of the labour market due to ill-health, disability or caring responsibilities.

Even before the current cost-of-living crisis, too many households had to cut back spending or take on more work, just to stay afloat in the face of recurrent shocks.

'Now everything is expensive'

- **Rising costs have added to existing pressures for low-income households.** People go without and sell what they can to manage unexpected expenses. They rely on foodbanks, skip meals, ration medication and turn off the heating to try to make ends meet. Kylie[1], a 44-year-old single mother, explained how rising costs left her children missing out: 'I used to be able to take my four kids into the city or a movie or the zoo. Not this year or next. I feel like a failure.'
- **People live in fear of losing their homes.** Affordable, secure housing is central to economic security, yet single parents, newly arrived migrants and those unable to work found it particularly difficult to meet their housing costs. Renters are caught between rent rises and moving costs. Despite many prioritising paying rent, almost half of the renters in this study had been unable to pay rent on time in the past 12 months.
- **Cheaper housing comes at a financial and personal cost**, with longer commutes and increased costs in regional areas, and inadequate or unsafe housing. For example, 57-year-old Rodney, who was living in shared accommodation explained: 'Your dignity's gone and it's so degrading the way they [the landlords] treat you.'

Employment fails to protect against financial stress

- **Uncertain hours of work mean uncertain incomes and increased stress.** Over half of those with employment income reported that their income varied in at least one of the five fortnights surveyed, leaving families having to manage on uncertain incomes. Bianca, a 39-year-old who struggled to find permanent work, explained: '[A] casual job is not [going to] give you the financial strength to think of the future or even the present.'
- **People are faced with tough choices, doing what they can to keep going and look after their children.** Caring for children – especially those with disability – comes first, creating a barrier to paid work.
- **Ill-health and disability can push people into poverty.** People are caught between not being able to work (or work enough), rising costs and inadequate income support as Rachel, a 54-year-old single mother, explained: 'I take on that work in the city and the next day, I'll be in chronic pain, but we'll get that little bit extra money in. Yeah, we're coping, that's the word ... it's not a good word.'

Inadequate income support undermines security

- **Income support payments have not kept up with the rising cost of essentials**, leaving recipients struggling to afford the basics, cutting back on food or taking on debt. As Luke, a 27-year-old on JobSeeker Payment (JSP), shared: 'I cut back on food for myself, have sleep for breakfast, two meals if I'm not working on a day, one meal if I am.'
- **Payment conditionality and complex administrative arrangements lead to confusion and the risk of debts.** Complex compliance arrangements left many people receiving income support stressed and unsure of their entitlements. The interaction between payments and wages contribute to confusion while also creating barriers to work. This results in high rates of debt, leaving families with less for essentials.
- **Older people remain stuck on JSP long term**, leaving them without savings for retirement. Paul, a 63-year-old, explained: 'If I haven't been able to get a job by the time I retire, there'd be no super in there ... because I would have eaten it all while unemployed.'

Stuck in survival mode

- **Insecure employment, inadequate income support, and the challenge of managing childcare and health needs left people feeling stuck.** Some, like Heidi, a 37-year-old single parent who struggled to make ends meet, summed up the frustration of being trapped in poverty and uncertainty: 'I hate living on the system. I hate doing it, but I've got too many mouths to feed to lose my Centrelink ... it's the same vicious cycle every day.'

1 All names used are pseudonyms.

- **Unexpected costs magnify risks and increase pressure.** Car problems, health issues and managing expenses related to flooding and extreme weather were common unexpected costs faced by participants, with 36 respondents reporting at least one unexpected event across the 10-week survey period. For most, these events happened more than once.
- **'Drowning in debt.'** To meet rising costs people took on debt. Over the 10-week survey period 27 of 43 participants reported borrowing money or delaying paying a bill. Joanne, a 39-year-old single mother of four, explained: '[I'm] trying my best, but just drowning in debt and I see the money I receive, but it all gets paid out to bills and things owed ... [We're] just struggling through best we can.'
- **Living in poverty long term can lead to shame, anxiety and hopelessness.** A lack of money left participants grappling with feelings of shame, humiliation and social isolation, leading to hopelessness for some. Kerry, a 60-year-old single woman on the Disability Support Pension (DSP), said: 'There is no future, the only future is death. 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.'

Our findings highlight that people trapped in insecurity cannot budget their way out of poverty, no matter how hard they try. Indeed, constant belt tightening takes a toll, limiting social participation, affecting health and wellbeing, and leaving many without hope. An alternative approach is needed – one that ensures that the foundations of economic security, like affordable housing, decent work and a fair and adequate social safety net, enable all Australians to live with security and dignity.

Ways forward

Decades of piecemeal policy changes have failed to meaningfully address the drivers of financial stress. Some progress has been made, but the challenges are urgent and need bold action to create systemic change across taxation, housing, employment and social security.

We need bold changes to our tax system combined with a long-term commitment to rebuilding social infrastructure to drive equitable outcomes. Continuing efforts to boost the supply of social and affordable housing and pursuing options to assist those with mortgages to stay in their homes will be central to household stability.

The federal government's focus on full employment and improved job security will help expand access to secure, well-paid work. However, a coherent systems approach to labour market and monetary policy is needed, otherwise policies risk working at cross purposes, as we can see in the current anti-inflationary measures that rely on increasing unemployment.

An example of the need for a coherent systems approach is apparent in relation to those providing unpaid care work in the home, who face systemic barriers to employment. Recognition of and support for unpaid carers (mainly women) requires flexible inclusive employment as well as policy settings that support moves in and out of work. High effective marginal tax rates can act as a barrier for carers to take on work (or more work), trapping them in poverty. A review of the interaction between payments and earnings is urgently needed to reduce complexity and improve employment outcomes.

Some progress has been made, but the challenges are urgent and need bold action to create systemic change across taxation, housing, employment and social security.

To reduce the stress and insecurity experienced by many who rely on income support, a reimagining of the social security system is necessary to ensure that it is fair, equitable, transparent, accountable and provides social protection in times of need. The establishment of the Economic Inclusion Advisory Committee is an important first step towards identifying and addressing poverty traps and barriers to economic security, but a comprehensive review of the social security system is required to examine the structure, rates and conditions of payments as a whole.

While these broad changes towards a more equal society will take time, immediate steps must also be taken to set Australia on a fairer path.

Immediate reform to address pressing challenges

Urgent reform is needed to respond to immediate challenges undermining wellbeing, economic security and social cohesion. Without addressing the drivers of economic insecurity, short-term issues such as food insecurity and high rates of debt, especially reliance on buy now pay later (BNPL) products, will leave more families caught in insecurity.

Invest in housing affordability and protections

National rental standards with stronger protections for renters are needed to support renters in the private market, while the structure and eligibility of Commonwealth Rent Assistance needs to be reviewed and adjusted.

Support people to gain secure employment

The current employment services and training systems are failing the Australian community – especially those facing the greatest barriers to employment who would benefit most. Legislation needs to be introduced to rebuild the Commonwealth Employment Services system and progress urgent reforms including those relating to eligibility, the role of employers and mutual obligation.

Remove traps in the social security and family assistance systems

The economic security of those most in need can be supported by:

- increasing JSP and related working-age payments to 90% of the Age Pension rate consistent with the 2023–24 report of the Interim Economic Inclusion Advisory Committee (2023)
- removing the newly arrived resident's waiting period to support new migrants to fully participate and be included in Australian society
- reviewing the income maintenance period, especially for mature age jobseekers
- removing barriers and expand eligibility to the DSP to support those with disability and/or ill-health
- making changes to Family Tax Benefit (FTB) parts A and B to improve adequacy, minimise complexity and reduce the risks of incurring debts:
  - Reinstate the indexation of FTB in line with pensions
  - Review shared care arrangements
  - Remove the maintenance income test and maintenance action test.

1 Introduction

Over the past five years, Australia has faced unprecedented uncertainty, worsening underlying inequalities. This has left many households having to cut back spending or take on more work just to stay afloat, with many still going backwards. For too many households, economic insecurity is not new. The cost-of-living crisis has only pushed them deeper into financial stress. At the same time, an increasing number of households are experiencing financial pressure for the first time.

The cost-of-living crisis has been one of many borne by Australia in the past five years, with more challenges expected as geopolitical tensions and the impacts of climate change intensify. While some of these shocks have been unexpected, their impact on the most vulnerable can be viewed as an ongoing crisis that has been decades in the making.

Real wages have gone backwards as inflation has risen (Wood, Chan & Coates 2023) undermining the efforts of low-income households to make ends meet. In August 2023, 48% of those in full-time work faced financial insecurity, defined as challenges meeting food, housing, utility and/or heath costs, with this increasing to 73% for those not in employment (Melbourne Institute 2023b). The rising cost of essentials, including large increases in the price of housing (7%), food (4.8%), transport (5.6%) and health (5.4%) in the 12 months to September 2023 (ABS 2023a), has come at a time when many low-income households were already struggling.

Ongoing cost-of-living pressures have led to higher levels of financial stress more generally. Melbourne Institute's (2023a) *Taking the Pulse of the Nation* report found more than half of Australians have reported increases in housing costs, missing meals or eating less, eating less nutritious meals, not being able to pay utility bills, and skipping doctor appointments or not filling prescriptions.

Rates of financial stress are highest for those in poverty, including single-parent families and those relying on income support. For example, 84% of single-parent families had trouble meeting their food, housing, utilities and medical costs in August 2023 (Melbourne Institute 2023b). Single-parent families experience high rates of poverty, with an estimated 41% of children in single-parent families in poverty in 2021 (Phillips & Narayanan 2021). An estimated 85% of households receiving JobSeeker Payment (JSP) were also in poverty in 2021. Furthermore, low government benefits were identified as the main driver of food insecurity for 62% of households without work who were experiencing food insecurity in 2022 (Miller & Li 2022).

Since the 1980s, Australia's social safety net has become frayed (Thornton, Bowman & Mallett 2020); access to secure well-paid work is uneven (Commonwealth of Australia 2022); and housing costs have skyrocketed (AIHW 2023). These changes have increased inequality, with those at the bottom experiencing greater economic instability, affecting people's ability to make ends meet and leaving households burdened by debt, ill-health and lost opportunities.

Decades of piecemeal policy change has failed to correct these trends. During the COVID-19 pandemic, the federal government stepped in with a range of temporary measures to buffer low and middle-income households from the economic harms associated with the lockdowns (Stobart & Duckett 2022). This response sparked hope that the pandemic would be an opportunity for change, with investment in social infrastructure and policies to address the structural inequalities that were laid bare by that crisis. But as Jericho (2023) observed in response to stagnant real wages and the rising cost of essentials, 'we're not back to where we'd have expected to be before Covid hit – we're in a worse place'.

Understanding financial stress in uncertain times

There has been an increasing acknowledgement of the importance of socioeconomic context, and events such as family breakdown or health issues, on financial stress and financial wellbeing (Banks & Bowman 2017; Bowman et al. 2016; Storchi & Johnson 2016). Indeed, ANZ (2021) research found that individual behaviours and skills play a smaller role than previously thought, with socioeconomic factors more important.

In 2017 BSL conducted the Spinning the Plates study to investigate the patterns, drivers and impacts of financial stress. Since then, the cost of living has risen, with a housing and cost-of-living crisis coming on top of the COVID-19 pandemic and worsening impacts of climate change.

To further understand financial stress in times of crisis, in late 2022 we interviewed 43 low to middle-income people (31 women, 11 men and 1 non-binary person) across urban, peri-urban and regional areas in Victoria who had reported at least one indicator of financial stress. Most reported multiple indicators of financial stress.[2] We asked them about their financial situation and how they made ends meet.

Every second Thursday for five fortnights (from 20 October until 15 December 2022) we emailed participants asking them to complete a brief survey or financial diary. We used this approach to elicit details about income, credit and debt, how they managed money from day to day and subjective feelings of financial wellbeing.

The interview sample was small and not designed to be statistically representative of households in Victoria. However, the study provides valuable insights into the impacts of compounding crises on lower income households and their economic security. These insights can inform policy reform that fosters security and dignity.

For details of the study design, method and sample please see the Appendix.

Structure of the report

The report is structured as follows. First, we introduce our findings which highlight the intersecting insecurities that undermine the lives of lower income households. Drawing on these findings, we argue for an ambitious, coherent policy reform agenda that moves beyond individual and government cost-cutting to address the drivers of poverty and economic insecurity and ensure economic dignity for all.

For too many households, economic insecurity is not new. The cost-of-living crisis has only pushed them deeper into financial stress.

2 We asked potential study participants to complete a screening survey, which included measures of financial stress taken from The Household, Income and Labour Dynamics in Australia (HILDA) Survey. This included whether they had been unable to pay electricity, gas or telephone bills on time; had asked for financial help from friends or family; could not pay the mortgage or rent on time; had pawned or sold something; were unable to heat or cool their home; had gone without meals; or had sought help from welfare or community organisations in the last 12 months due to a lack of funds. Additionally, we asked how they would manage an unexpected $3000 expense.

2 Intersecting insecurities

The cost-of-living crisis collides with the existing long-term drivers of financial stress, such as insecure work and inadequate income support. Soaring costs and unaffordable housing are exposing low and middle-income households to acute risks on top of existing challenges. These intersecting insecurities are especially felt by an increasing number of households relying on uncertain incomes, people experiencing unemployment, as well as those locked out of the labour market due to ill-health, disability or caring responsibilities.

'Now everything is expensive'

Rising costs have increased pressure on households with one participant stating, 'now everything is expensive'. Many others expressed a similar sense of bewilderment about rising costs. For example, Emma, a 50-year-old single mother of two, was puzzled by the sharp increase in costs.

> ***I don't know – before I seemed to be managing fine and now all of a sudden, I'm not. I don't know why, whether it's the rising prices, because petrol is nearly double so you can't even put half a tank, it costs double ... I don't understand how it had to jump up that much.***

The constant struggle to cope with rising costs took its toll. Many of the research participants expressed frustration, like Rachel, a 54-year-old single mother who worked on a casual basis: 'I'm doing what I can but am frustrated that items are going up so quickly.' Peta, a 45-year-old single mother of three children who 'eat like elephants', told us that she found shopping for food 'stressful', given the 'exorbitant' price rises.

When making ends meet is already difficult, managing an unexpected expense – even a small one – can be a crisis. Unexpected events or costs were common, with 36 respondents reporting at least one unexpected event across the 10-week survey period. For most, these events happened more than once. Car problems, health issues and managing costs related to flooding and extreme weather were common unexpected costs faced by participants.

Tough choices: cutting back on food, medicine and heating

In the face of rising costs, people do what they can, making tough choices. Often, those who have been just managing have nothing left to sell and no discretionary expenditure to cut back so they are forced to reduce spending on essentials.

Cutting back on food

For many, food had become discretionary. For example, Luke, a 27-year-old on JSP who juggled self-employment with managing his health condition, explained: 'I cut back on food for myself, have sleep for breakfast, two meals if I'm not working on a day, one meal if I am.'

Most of the people we spoke with understood the importance of a healthy diet, but food had been squeezed out of their budgets. For example, Kerry, a 60-year-old who relied on the Disability Support Pension (DSP), shared her frustration at being unable to follow her doctor's guidance about eating healthily:

> ***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, better quality 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 dietician, 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.***

Relying on foodbanks was the only way Tanya, a disability support pensioner in her 50s, got food. She had unpaid utility bills and debts linked to financial abuse from her former partner, so she prioritised those payments over buying food. Instead, she relied on charity for food: 'I survive on foodbank from week to week.'

Rationing medication

Sixty-year-old Darren, who was waiting for his permanent partner visa to be processed, explained how he prioritised food and bills over buying medication. He was ineligible for income support due to his visa status and relied on his wife's JSP. Across four of the five fortnightly surveys, he reported going without his cholesterol and diabetes medication:

> Fortnight 1: ***No money to buy diabetes and cholesterol medications.***
>
> Fortnight 2: ***I went without purchasing my medications for my diabetes and cholesterol. [...] I heavily budgeted on food and did not purchase my medications.***
>
> Fortnight 4: ***I struggle financially to buy my medications.***
>
> Fortnight 5: ***Didn't buy my medications 'cause I didn't have enough money.***

Joshua, a 22-year-old with two casual jobs, who relied on his medication to function well, also found that sometimes he would ration his medication to make it last:

> ***Sometimes I'm not able to afford my medication and it gets really down to the wire and I'm only – this sounds so irresponsible, but before my parents were able to help, I'd extend it by only taking half my dose just so that I had something and that's dangerous, I know, but it was dire straits.***

No heating

Reducing usage of utilities – which make up an important share of household expenditure – was also a common strategy. For example, Rachel, a single mother of three, told us:

> ***We have not used the heater for the last week, even though it has been very cold. I am using thermal clothing, a scarf and a jacket, so I don't need to pay extra for electricity for heating.***

Caught in a vicious cycle of cutting down on essential costs, the health and wellbeing of low-income households is undermined.

Drowning in debt

To meet rising costs people took on debt. Over the 10-week survey period, 63% of the participants (27 of the 43) reported borrowing money or delaying paying a bill, with borrowing from friends or family or using buy now pay later (BNPL) products the most common responses.

Continued low incomes and rising costs mean that things are finely balanced, leaving people taking on debt – often with little hope of being able to pay it back. For example, Natalie, a thirty-something single mum of two was relying on JSP and casual work following an accident. She was undertaking a security accreditation which she hoped would lead to more permanent employment, but delays had left her without work while still having to manage training costs. This, combined with poor health and vet bills, had left her stuck in a cycle of debt and feeling frustrated and hopeless:

> ***I'm going further and further into debt, losing more independence, and not getting anywhere on paying off debts when more expenses keep arising. This is getting out of control how I keep borrowing money with no way of paying it back yet and having made no payments on overdue bills with disconnection notices. I am looking for holiday festival bar work now due to my security licence being delayed and costing so much.***

The fear of repossession loomed large. For example, Fiona, a 46-year-old 'stay-at-home mum' who lived with her three sons and self-employed husband, explained how she had exhausted all avenues of help in trying to renegotiate to keep the car that they had fallen behind with payments on.

I'm out of options. I don't know what else I can do to save this car. If we lose his car, that means he's got to take my car which means I've got to walk the kids to school and kinder every day and then sports becomes affected because [my partner] is never home in time to go to training so when my oldest is doing footy training, we'll have to walk there and in the rain, in the cold, in the dark, otherwise he has to forego footy. It affects everything.

Buy now pay later

BNPL products offer consumers a cheap, easy and accessible service to meet up-front costs. Instead of charging interest, establishment and late fees are charged which can translate to extremely high repayments. The frictionless sign-up process means that people often have multiple BNPL accounts. A common approach is to create a new account once a BNPL limit has been reached, with people using one BNPL to pay the fees of another BNPL account.

Some of those we spoke to were aware of the potential perils of using BNPL. However, as Fiona, who by the end of the 10-week survey period had turned to BNPL to pay for her groceries, explained, sometimes using BNPL is the only way: 'I shouldn't have to [BNPL] my food shop, but due to the rising costs of absolutely everything I've had no other choice.'

Joanne, a 39-year-old single mother of two, explained how easy it is to use BNPL products and how difficult it is to pay them off completely. She owed a 'substantial amount' and paying that back 'wasn't going to happen any time soon'. As a result, she pays what she can to continue using them:

In the beginning, it was $40 when you're at a thousand-dollar limit. Then I increased my limit because I got an email and … I was buying extra things for the house, like furniture and just bits and pieces off of [online retailer]. But now they've made it more accessible, and you can have the [BNPL] card on your phone, and you can [BNPL] anywhere.

One night my girlfriend invited me and my son out for dinner, and it was just at a kebab place, but I couldn't afford it. I knew I'd paid the [BNPL] the day before, so I just [BNPL] paid it again. So, I'm keeping on top of paying that $80 at the end of the fortnight, but whether I use it to fall back on still within the next month, yeah, that's another story, unfortunately.

She added:

[I'm] trying my best, but just drowning in debt and I see the money I receive, but it all gets paid out to bills and things owed … just struggling through best we can.

Never enough to make ends meet

In the face of continued uncertainty, with low incomes and rising prices, many were caught in a debt cycle, as Kerry, who struggled to cover her costs on the DSP, explained:

I am feeling very depressed as there is never enough money to make ends meet. Every time I am almost out of debt something happens and I have to borrow money again.

Nevertheless, in the face of ongoing uncertainty, many were proud of making do with what they have. While some accepted the struggle as something they could do little about, others expressed frustration with the situation which they could do little to change. Grace, a 29-year-old who was completing an unpaid placement as part of her degree, put it this way:

I feel like I am coping well, making the best possible outcome out of a difficult situation, but I also believe the situation should be changed so that the best possible outcome is not barely surviving.

'I wish I had a secure roof over my head'

Over the past few decades home ownership has become increasingly unaffordable, with rates of home ownership declining sharply for younger generations. For those born in the five years to 1951, 72% were home owners by the time they reached 35–39 years, while for those born in the five years to 1981, just 59% were home owners by the same age (AIHW 2023). At the same time, investment in new housing has not kept pace with demand, driving up prices. Affordability for those with low incomes has also been affected by a decline in the proportion of social housing dwellings from 5.4% in 2006 to 4.7% in 2021 (National Housing Finance and Investment Corporation 2023). While recent policy initiatives such as the Housing Australia Future Fund are welcome, rates of homelessness and housing insecurity remain high. Indeed, housing experts say that solving the crisis could 'take decades' (Hamilton-Smith 2023).

Not surprisingly, renting has become Australia's fastest growing tenure type with one in three Australians renting (Beer & Baker 2023). Rental affordability is a constant strain for nearly a quarter of Australians (Australian Housing Monitor 2023), with national rental prices the highest they have ever been. Those receiving government support are especially disadvantaged. Just 0.2% of rentals were estimated to be affordable for this group, while a person on a minimum wage could only afford less than 1% of available properties. Commonwealth Rental Assistance fails to address these issues, with almost two-thirds of recipients remaining in rental stress in June 2022 (Productivity Commission 2022).

Mortgage holders are squeezed

The few participants in this study who owned their own home without a mortgage described themselves as 'lucky' and expressed concern for how others managed. However, many with mortgages were struggling. In the three months to August 2023, 30% (1.57 million) of mortgage holders were reported to be at risk of mortgage stress, with two-thirds of this group 'extremely at risk' (Roy Morgan 2023). Single parents, newly arrived migrants and those unable to work found it most difficult. For example, John had delayed paying his mortgage during the pandemic when he was out of work. As a permanent resident of less than four years,[3] he was ineligible for income support, but learned that he could apply for Special Benefit if in extreme hardship. He received this for six months until he got a part-time job in a bank. However, he was behind on payments and with a new baby, money was tight. To make the mortgage payments, he borrowed from his parents and friends.

Participants with mortgages who managed to get ahead on their payments would often need to redraw funds to cover unexpected costs, but others were in arrears, struggling to maintain payments and fearing repossession of their homes.

Peta, a single mother who worked full-time, was left with a 'ridiculously high' mortgage following her divorce. Since then, she had found it hard to keep up with payments.

> ***I always liked to have a bit of a lump sum on our mortgage, and I liked to know where all the money was coming and going. But I find now that I feel a little bit out of control with my finances. It's much easier to go, 'Well, I'm in this much debt so I may as well just get a little bit more because it doesn't really matter.'***

Rental affordability is a constant strain for nearly a quarter of Australians, with national rental prices the highest they have ever been.

3 The newly arrived resident's waiting period means that newly arrived residents are not eligible for most payments for four years.

Later in the interview, she said, 'I can manage money, probably being a bit hard on myself there. I do [manage]. I'm a single parent.' Peta had kept the house for the sake of the children and had agreed to an informal child support arrangement with her ex-partner. But her ex-partner soon stopped providing support, leaving her to cover all household expenses and caring responsibilities alone. She was resigned to never paying off her mortgage:

> ***But now I'm full-time, and I feel like I'm in the same position as I was in last year working part-time with the rise in food and groceries and now having my children with me full-time ... When I was younger, I always thought that I'd pay off a house really quickly. I used to read those books, 'How to pay off your house in seven years', that sort of thing. Now I've come to terms of the fact that I will never pay off this mortgage, and it's here until my children are adults and I can downsize.***

With the succession of interest rate rises since these interviews were conducted, it's likely that these home owners are continuing to struggle.

Insecure housing is expensive

Almost half of the renters in this study had been unable to pay rent on time in the past 12 months and had negotiated payment extensions with their landlords. This is despite many stating that they prioritised paying rent, often cutting back on other essentials such as groceries and utilities to ensure rent was paid on time.

Renting homes on the private market is insecure, and the cost of moving can be high. For example, Kerry had to find a new place to live when the home she was renting was sold. She borrowed money from her mother to fund her move. She lived in a 'small house with a few problems', but could not afford anything better. Rent came first, with Kerry spending 60% of her income on rent, 'otherwise we'd be homeless'. She feared a rent increase or having to fund another move:

> ***Well, I'm always worried about the rent because the rent keeps on going up ... I'm so scared of that [having to move] happening again, but this time I've got no money.***

Like Kerry, Heidi, a 37-year-old single mother, had to move when her landlord decided to sell her home. She could only find a three-bedroom rental which cost more than her previous home and she was still paying off the $3500 moving costs. After paying her rent and bills there was little left over:

> ***There's usually maybe $10, $15 left and that will be the petrol for the car or to top-up on Myki to travel.***

Cheaper housing comes with additional costs

Some participants had moved to outer suburbs or regional areas to reduce their housing costs. While housing was more affordable, they often had to spend more on food or transport and had more limited employment opportunities. Natalie, a single mother living in regional Victoria, described her financial wellbeing as 'terrible!'. She explained how when her car broke down, she was stuck, forced to pay more, 'Having to only shop at the local expensive [supermarket] as [I] couldn't risk travelling to [nearby town] for other options.'

Living in regional areas also means more time is spent commuting. Rachel, who lived in regional Victoria, explained the time costs associated with long commutes to casual work:

> ***It takes me a long time to get anywhere. If I need to go somewhere, I'm really travelling. The bit of work I do, if I do it on Zoom, all is good. But if I have to drive in, which I need to this trimester, it's an hour-and-a-half travel into the city. I've got a three-hour roundtrip travel to work three hours. My travel is as long as my work shift is.***

There can also be personal costs when housing choices are limited. For example, 57-year-old Rodney, who was living in shared accommodation explained:

> ***You find that you stay in share houses, but they can be very degrading and what I've seen with my eyes and the type of people that rent these houses out ... your dignity's gone and it's so degrading the way they treat you and just the whole thing about it.***

Low and insecure incomes and rising costs limit available choices with many options carrying a financial or personal cost. As a result, the economic dignity and security of these households is undermined.

Employment fails to protect against financial stress

High rates of part-time and insecure work combined with low wage growth mean that employment increasingly does not protect against financial stress. While most employees still work full-time – just under 70% in October 2023 (ABS 2023b), part-time work is increasingly common. Women are more likely to work part-time, with just 57% of women in full-time work in October 2023, compared to 80% of men.

In 2023, around a third of employees were in some form of insecure work, with 22% employed casually, 7.5% employed as independent contractors and 2.9% on fixed-term contracts (ABS 2023d). Women are more likely to be in insecure work. Low-income earners are more impacted by insecure work: a quarter of workers in the bottom decile of incomes had paid sick leave entitlements, while over 90% of workers in the top income decile had access to paid leave (ABS 2023d).

Casual work is also becoming increasingly difficult to leave, with HILDA Survey data showing that a majority of casual employees in any one survey year were still not in permanent employment five years later (Wilkins et al. 2021).

At the same time, wage growth has not kept up with rising prices, resulting in real wages declining by 1.4% in the year to September 2023 (ABS 2023a; c). This follows a decade of low wage growth, with the share of national income going to workers reaching an all-time low (Jericho & Richardson 2022).

Employment: 'another thing that's not secure in your life'

Most of the participants in this study were in the labour force. Around a third were looking for work, a third were working on a part-time or casual basis, and just 14% had full-time jobs. Over half of those with employment income reported that their income varied in at least one of the five fortnights surveyed. For nine participants, this occurred more than once over the 10-week period, with changing work schedules or unpaid leave due to illness or care responsibilities the most common reasons for the fluctuating incomes. Sometimes administrative errors delayed pay, as Rachel, a single parent, explained:

> ***I do sessional work, but they did not pay any wages. My timesheet was rejected. It is the second time in the last three payments. No explanation was given, and the person who made that decision is on leave until Monday.***

Rodney, who worked part-time at a warehouse, was frustrated by his inability to gain secure employment:

> ***… they say about unemployment's come down and all that, but everywhere you go, people now they just keep you as casual. They keep you when they want to, and they can get rid of you quite easily. Gone are the days where people tend to try and make you full-time. That's another thing that's not secure in your life.***

Similar frustrations were shared by Bianca, a 39-year-old mother of two, who had struggled to find permanent work after being made redundant in 2020. Casual work increased the financial insecurity she felt:

> ***You can find a casual job, but a casual job is not [going to] give you the financial strength to think of the future, or even the present. The market is hard, and I have given so many interviews so I can get [something] permanent.***

By the end of the 10-week survey period, Bianca still had not found permanent work. Illness had resulted in her missing work and as she did not have paid sick leave her income fell, forcing her to turn to a charity for food. She wrote:

> ***Not enough groceries at home, freezer is empty. I have asked my landlord if I can pay rent late. I'm tired and feeling anxious about finding full-time work.***

Self-employment is especially risky

Independent contractors face similar risks to casual workers, but they also must manage their own tax and superannuation as well as chasing invoices, advertising for clients, and paying for their own work supplies and equipment. Like those in casual work, this makes it hard for independent contractors to build and maintain a savings buffer, even though one is needed to manage fluctuating income and expenses. These risks affect workers and their families. For example, Fiona, a mum of three, had to rely on charity when her subcontractor husband could not work due to wet weather or illness.

> ***When it's good – when he works every day – everything's fine, but then you've got the weather and there was times that there was no work, 'We don't need you today, there isn't anything,' so everything becomes tough. He was unwell a couple of weeks ago and had two days off, so we don't get paid for that. I couldn't even do groceries, I had to get vouchers. We're a family of five with a cat and a dog and $80 in vouchers.***

The challenge of finding flexible work and appropriate affordable care can leave women locked out of the labour market.

Unexpected loss in income or delay in payment of invoices create added financial pressure. Jody is a 41-year-old mother of two children with disability, whose husband works as a self-employed real estate photographer. She shared the cascading impact that unpaid invoices had on their budget over an eight-week period.

> *Fortnight 1:* ***A lot of our bills have come out at the same time, and we have not been paid money owed from invoices sent out.***
>
> *Fortnight 2:* ***Our children have missed out on sporting equipment they need to play their sport due to not having the money to purchase the equipment.***
>
> *Fortnight 3:* ***Lots of big expenses, such as car rego and having to shift money around due to money owed to us not being paid.***
>
> *Fortnight 4:* ***Husband's work has been sporadic, so it's been hard to budget. Cut back on food, no luxuries for the kids and no takeaway. Not good, have huge expenses coming up with Christmas and children starting the new school year.***

Care comes at a cost

The challenge of finding flexible work and appropriate affordable care can leave women locked out of the labour market. For example, Joanne, a single mother of four children, the youngest of whom has an intellectual disability, had started to look for work because she was fed up with her tenuous financial situation. She explained: 'I can no longer live like this.' But without suitable care for her youngest son, she was caught.

> ***I find it a bit daunting, just because of my son and the way he is … Because school's nine until three and then he's home, so it makes it tricky to balance [the] work-life thing.***

Even if it's available, child care can be unaffordable. The loss of benefits, combined with the high cost of child care, meant that returning to paid employment didn't make financial sense for some women. For example, Fiona, a mother of three, considered that she would be worse off returning to paid employment, despite being in financial stress.

> ***I'll lose Parenting Payment and I'll lose some Family Tax Benefit and by the time I work to pay for child care, I'm going to be worse off than what I am staying at home.***

Recent research on effective marginal tax rates show that many women are in Fiona's position (Stewart et al. 2023). While not getting a job might make sense in the short term, women understood that it comes at a cost, undermining their economic security.

'Damned if I do, damned if I don't': health, wellbeing and work

People with disability or ill-health are caught between needing to work and managing their health. Rising living costs have made this balancing act more challenging. Participants discussed the constant pressure to take on more work despite the risks to health that would bring. For example, Luke worked as a self-employed gardener and relied on JSP as he tried to manage his mental health. In the final survey he noted that he had been ill with COVID and had been unable to work and regular bills were mounting creating 'a hot mess of costs'. He felt caught; unable to work more, but needing the money. He wrote:

> ***Unless I have a steady stream of income, I don't think I'll ever feel safe, but I can't work a standard 40-hour week, or even a 20-hour week, because of my mental health. But then my mental health tanks because I'm stressing about money, or it tanks because I'm working too much, and I can't recuperate like I need to. Damned if I do, damned if I don't.***

Rodney, a casual worker, explained how he had to 'push through the pain' after surgery left him without an income for nine weeks. Instead of cutting back his hours to manage the pain, he was looking for more work and intended to work full-time if necessary to make up for the lost income:

> ***I'm just persevering. If something down the track came in terms of getting full-time employment there or something ... I would take it obviously. I don't knock back work ... you've got to push through the pain barrier.***

Some, like Kerry, a single woman on the DSP, were unable to work, summing up the frustration of being trapped in poverty and uncertainty: 'There is NOTHING I can do about it! If I was able to work, I would.'

'To hell with university': qualifications don't guarantee security

Several participants were pursuing or wanted to pursue more qualifications with the hope that it would lead to higher paying and more secure work. However, undertaking these qualifications comes at a cost. For example, Holly, a 36-year-old who was studying to be a nurse after working as an aged care worker, highlighted the cost of completing her degree and undertaking unpaid placements including travel, food and accommodation expenses. This was in addition to the $110,000 HECS-HELP debt that she had incurred to date.

The loss of benefits, combined with the high cost of child care, meant that returning to paid employment didn't make financial sense for some women.

Yet, higher qualifications do not always lead to economic security. Trent, a 46-year-old father of three and qualified auditor, had been unable to find stable work since moving to Australia in 2016 on a skilled visa. He had completed a range of courses to improve his chances of getting a job, but these had not translated into secure work, leaving his family struggling with debts after losing his casual job during COVID and developing a chronic illness:

> ***Sometimes I'm ready to cry. I cry and say these are all my expenditures, expenditure receipts, and for that reason my son says, 'To hell with the studies ... you did three diplomas ... You did a lot of sub-qualifications. You have a lot in your head, but you aren't giving any food on the table.' ... My son has been the firsthand witness of what we're going through, that's why he said to hell with the university!***

Joshua, who worked two casual jobs with a computer-repair 'side hustle', expressed his frustration about not being able to gain secure employment despite his qualifications.

> ***Without experience, no one cares, honestly ... I'm frustrated at the fact that I've gotten these certificates, but it's almost like people don't care about them ... If someone has experience, they'll take them over you any day, even if they don't have a qualification.***

Despite their best efforts, gaining qualifications came at a cost and did not always translate into more secure, better paid employment.

Inadequate income support undermines security

Incremental changes have frayed the social safety net and created snares that can trap people in poverty. Payments are inadequate to meet basic needs. For example, the JSP is $374.60 per week, which is just 42% of the minimum wage (as at October 2023) and well below any measure of adequacy (Interim Economic Inclusion Advisory Committee 2023), even after indexation and a $20 per week increase in September 2023.

The inadequacy of payments impoverishes the increasing number of people who must rely on JSP long term. Just 30% of people receiving JSP have been on it for less than a year, with an average duration on the payment of 185 weeks or three-and-a-half years at June 2023 (DSS 2023). In contrast, in June 2013 over 50% of recipients were on the payment for less than a year. This change is because JSP is no longer solely received by those who are unemployed. Almost a quarter (23%) of people receiving JSP had earnings from work in June 2023 and 44% of JSP recipients were assessed as having a partial capacity to work, driven by a tightening in eligibility requirements for the DSP.

Inadequate payments mean that people on income support payments struggle to make ends meet and there seems to be no way out. As Heidi, a single mother, said: 'With little to no help or increase in support payments I will constantly live in this cycle.'

Incremental changes have frayed the social safety net and created snares that can trap people in poverty. Payments are inadequate to meet basic needs.

Mature age people like Paul rely on JobSeeker long term

Paul, a 63-year-old who was made redundant in 2020 at the beginning of the pandemic, lived in a converted shed in a friend's backyard in regional Victoria. When he was made redundant, Paul had not understood about the income maintenance period which applies if you receive a redundancy payment. Instead, he used his redundancy payout to pay off debts and to get himself established.

> ***When I finally went up to Centrelink they said, 'Oh no you've got this [redundancy] payout. We aren't actually [going to] start paying you the JobSeeker until for another six months.' And I looked at them and I said, 'Well, great, I've got $1000 in the bank. All right my rent's paid up till the end of the year ... How am I going to live?'***

The only way he could survive as he waited to be eligible for JSP was to sell his belongings. As he put it: 'I ate my model railway'. Finally, when he had no more to sell, he went to Centrelink and asked for help. At that time, the JSP was supplemented by the $550 per fortnight Coronavirus Supplement. Paul was relieved when he finally received the JSP but was lulled into a false sense of security.

> ***They started paying me. But unfortunately, I got a bit of a false sense because the first dole payment had all the Covid bonuses. So, it was about $1200. And I thought, oh this is all right, I can live on this ... And then it dropped, and it was down to just under $1000, I think. Okay, well you're going to have to pull your head in, but that was all right. But then, I think the one or two payments after that it had dropped back even more.***
>
> ***I was back to the normal JobSeeker, and then I realised, well you're going to have to pull your head in here, and – I did take some super when the government said you could take a bit of extra super and, you know, paid rent in advance and all that sort of stuff.***
>
> ***If it wasn't for that super, I'd be buggered on JobSeeker, alone ... With the cost of living going up, JobSeeker doesn't seem to be going up that much.***
>
> ***But what worries me is that unfortunately I'm still a bit over four years now off the Age Pension. And the Age Pension is around $1000, I think a fortnight. I can live on that.***
>
> ***But what does worry me is that if I haven't been able to get a job by the time I retire, there'd be no super in there ... because I would have eaten it all while unemployed.***

An increasing number of people on JSP are mature aged, like Paul, with little hope of finding secure employment before they reach Age Pension age which is currently 67. In September 2023, 187,075 people between the ages of 55 and 64 received JSP accounting for almost a quarter of recipients (23%); and 46,775 people aged 65 or more received the payment (DSS 2023). This last group has grown (albeit from a low base) with the increase of the Age Pension eligibility age to 67 and is likely to increase.

Uncertain income support payments: 'There is no normal amount'

Across the 10-week period, 30 participants received income support. On average, fortnightly payments ranged from $739 to $883. Most respondents reported that their income support varied from fortnight to fortnight.

Table 1 Uncertain receipt of income support

	Survey 1	Survey 2	Survey 3	Survey 4	Survey 5
Number who received income support	29	27	27	28	28
Average fortnightly income support received	$739	$809	$832	$858	$883
Percentage of income support recipients whose reported payment varied from previous fortnight	N/A	70%	56%	54%	61%

Note: Average fortnightly income support received calculated by taking the average of all non-zero income support values reported by survey participants, including supplements and Family Tax Benefit (FTB) payments. Income support is considered to have varied where the amount reported in a subsequent fortnight is different to that reported the previous fortnight. Missing data is excluded.

Payments varied for a variety of reasons, including changes in eligibility. For example, when Emma's child turned eight, she transitioned from Parenting Payment Single to JSP. As a single mother with two children, this meant her income fell sharply. She described her situation as: 'Struggling, as I'm getting less money from Centrelink. I was struggling beforehand – don't know what I'm going to do.'[4] Joanne, a single mother of four, commented in one of the fortnightly surveys:

> ***I expect my Centrelink JobSeeker Payment to drop again next fortnight and the following fortnight also as I'm no longer eligible to receive the large family exemption and I'm now at TAFE studying Diploma of Nursing but finding everything incredibly difficult financially and also very stressed with Christmas fast approaching.***

The interaction of earned income with income support also meant payments varied. For example, Grace combined her postgraduate studies with weekend work to top-up her Austudy. She observed that her income support payment 'changes regularly depending on employment income – there is no normal amount'.

Payments varied for a variety of reasons, including changes in eligibility. For example, when Emma's child turned eight, she transitioned from Parenting Payment Single to JSP. As a single mother with two children, this meant her income fell sharply.

4 It should be noted that the 2023 Budget announced changes to eligibility to Parenting Payment Single with the age of the youngest child increasing to 14 from 20 September 2023.

Kylie: unexpected Centrelink debts undermine efforts

Kylie, a 44-year-old single mother of four children, three of whom have disability, relied on JSP in addition to the FTB A and B. Her survey responses show the impacts of even minor costs, such as public transport or car maintenance, and the cumulative pressure of ongoing struggle.

> Survey 1: ***Taking my daughter to school using public transport is a new ongoing expense. We sacrifice on meals and clothes and school expenses to pay rent, bills and food.***
>
> Survey 3: ***We are getting by, just ... It's hard for my kids to do extra things. We are on payment plans for all our bills, but electricity still wants more money per fortnight.***
>
> Survey 4: ***My car battery died.***
> ***I ate less and walked to save petrol.***
> ***It is really hard, four kids, three with special needs. It's just hard.***
> ***I just do what I have to do.***
>
> Survey 5: ***Our lawn mower isn't working. My son and I have tried to fix it, which meant buying a few things from [the] hardware store. But we are unable to fix it. Meanwhile our grass is so long it's stressing me out and makes our front yard and back yard look horrible.***

People on JSP can receive one advance payment per year, while FTB recipients may be eligible for multiple advances. Kylie had been relying on a FTB advance to fund Christmas presents for her children and hire a lawnmower, but her application was rejected, and she discovered she owed approximately $1200.

> ***This was a heartbreaking shock. I found out why. In the 2019–20 financial year my ex-husband put $0 as his estimate but did earn money and because we had a private arrangement (because that is what he always used to insist on and really gave me less money), Centrelink assumed I was paid enough or something like that, so Centrelink believe they overpaid me. I have made a payment plan of $20 per fortnight for now.[5] This is going to take years to pay off. Meanwhile I cannot apply for ANY advance until my Centrelink debt is paid off. It's just so hard.***
>
> ***It has been very cold in Melbourne, but we haven't turned our heater on once. It's hard when the kids get cold and it's cold at night, but I tell the kids to put their hoodies on and a blanket over them. We try to switch power points off at the wall. I am eating less. Using less car/driving and more walking and public transport. No gifts for friends this Christmas.***
>
> ***I feel like we are just barely holding on.***
>
> ***I just have to do what I need to do.***
>
> ***I feel horrible. I am a single mum, and I am the only person my kids get presents from. No one else, and this year there will be not as much for my kids. And the school holidays are going to be at home, I used to be able to take my four kids into the city or a movie or the zoo. Not this year or next. I feel like a failure.***

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5 See *Growing pains: Family Tax Benefit issues and options for reform* for a detailed explanation of how interactions of FTB with Child Support can lead to overpayments and resulting debt.

Complexity leads to confusion and risk of over- or underpayment

The complexity of administration and compliance arrangements meant confusion about payments was common. Natalie, who did occasional shifts of work, did not understand how her payment was calculated or what the impact of working part-time was, explaining:

> ***I don't know how Centrelink do their deductions and I don't know what Centrelink's maximum JobSeeker rate is with the deductions that I've got coming out, and my work being taken into effect. So, I'm not quite sure whether I'm greatly better off in having that one night a week's work or not.***

Confusion about payments can mean that people are overpaid and thus incur a debt. As Joanne, explained:

> ***I don't know how it exactly works, but somehow, I've got these huge debts. When I got the [FTB] supplement in July, it was nothing like I would normally get because I normally put that money away and do good things for the children with it, like braces and things that are out of reach. Yeah, that didn't happen this July ... And the debt is like big, like there's still a big debt there saying I owe them $1000 something and I thought they took that from the supplements, but I'm still repaying.***

Trent, who lives with disability, explained that 'DSP made an overpayment some weeks ago of $287.30, and now want me to pay that amount back, even though I have spent it already'. In a later survey he reported that his payment was 'higher than usual. [It's] normally $457, but this time $706.20 + $57 + $10.60 = $773.8 (don't know why).'

The complexity and lack of transparency of the income support and family assistance payment systems expose people on low incomes to risk and increases their financial stress.

Single mothers like Heidi are caught in a frayed safety net

Low payment rates also heighten the impact of administration and compliance arrangements, which can leave households with large debts, particularly those receiving FTB. Heidi, a single mother of seven, had six children under the age of 11 including two with developmental delay. She was receiving no child support because her former partner was ill and unable to work, resulting in her also becoming the carer for him. She relied on Parenting Payment Single and did lawn mowing jobs when she could. In survey three, Heidi had received less income support than usual due to 'missed compliances from Centrelink'. She explained that she was 'on a reduced rate' because she had not taken her boys to 'the Early Start thing'.[6]

Heidi felt stuck. Income testing for Parenting Payment Single meant that if she increased her hours of work, she lost concession entitlements[7] so there was no way of getting ahead.

> ***I hate living on the system. I hate doing it, but I've got too many mouths to feed to lose my Centrelink ... And I can't do that when it's the same vicious cycle every day ... If I was to lose my Centrelink now, my rego would go from $200 for six months to $800.***

6 Eligibility for the FTB and an income support payment such as Parenting Payment Single requires adhering to a range of conditions, including a child health check (Healthy Start for School) when the child reaches four for recipients receiving FTB A.

7 Concession or Health Care card holders are entitled to concessional rates for a range of essential services including bulked billed GP visits, medications, energy costs and vehicle registration.

'There is no future': anxiety, shame, and hopelessness

Years of constant cutbacks and managing financial stress had taken a mental toll on the people we spoke to. Without savings or assets to fall back on, many were concerned that they will always be one unfortunate event away from homelessness or falling into unimaginable debt. Participants were also grappling with feelings of shame, humiliation and social isolation because of a lack of money.

Parents, particularly those in single-income families, often struggled to balance unpaid care while earning enough to support themselves and their families. Rising costs combined with inadequate incomes has increased pressure on parents, especially those without partners. They did what they could, but despite their best efforts their children often missed out.

Jody, who lives with multiple sclerosis, shared her guilt that her children are missing out on new clothes and after-school activities:

> ***My poor son, he's desperately in need of new shoes because his other ones are falling apart, just things like that, their clothes. I feel like a bad mother because my poor son has got holes in his shoes ... They used to do sports, they used to do swimming and they used to do Scouts as well, but they stopped that because it was just too expensive.***

Rodney, a casual worker, shared his frustration at the limits his financial situation put on his life and the constant work that is needed to stay positive:

> ***From a human point of view, it affects your mental health. There's a lot of things you want to do. And work doesn't allow you to do that either because being casual you just can't take – you take a week off you lose a week's pay ... You do go through a lot. Sometimes you feel depressed. Sometimes your mental health's affected. I've learned just to stay positive because, like I said, it's very easy to hit rock bottom sometimes.***

Stoicism in the face of insecurity was common, with participants 'doing what they have to do' and 'coping'. Some, like Tanya, a DSP recipient, chose not to think about the future:

> ***I'm not thinking [about the future]. Yeah ... because I'm just thinking for today; how we can [get through it] ... not the future.***

Without 'enough money to live a normal' life, Kerry had completely lost hope, and resigned herself to a life of deprivation:

> ***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.***

Economic dignity, security and wellbeing

Our findings reflect other research that shows how poverty and insecurity can cause material, relational and opportunity deprivation (Bessell 2021). Many are caught in 'webs of insecurity' (Bowman & Wickramasinghe 2020), living in fear of losing their homes and cars – both of which are central to economic security. They are faced with tough choices, doing what they can to keep going and look after their children. Yet the income support system ensnares rather than supports, with administrative complexity and opaque eligibility requirements trapping people in poverty. Rising costs have added to these pressures for low-income households, who are managing the best they can, but are unable to keep their heads above water. Increasing housing costs have exacerbated these challenges, leaving little for essentials. People receiving income support have been particularly affected, with payments failing to keep up with the rising cost of essentials while increased conditionality intensifies stress for those already struggling to get by.

Getting a job is not necessarily the solution because work is uncertain and can come at a cost. Caring for children – especially those with disability – comes first, because too often there is no alternative. Ill-health and disability condemn people to poverty – caught between not being able to work (or work enough) and rising costs. People go without food and medication and sell what they can. BNPL products make sense when there seems no other way to make ends meet.

Our findings highlight that people trapped in poverty and insecurity were unable to budget their way out of poverty, no matter how hard they tried. Indeed, constant belt tightening had taken a toll, limiting social participation, affecting health and wellbeing, and leaving many without hope. An alternative approach is needed. The foundations of economic security and social cohesion such as a fair and adequate safety net, decent work, and affordable housing need to be rebuilt to enable all of us to live with security and dignity.

Many are caught in 'webs of insecurity', living in fear of losing their homes and cars – both of which are central to economic security. They are faced with tough choices, doing what they can to keep going and look after their children.

3 Moving beyond tightened belts and narrowed horizons in uncertain times

The cost-of-living crisis coming on top of the pandemic has shone a light on the systemic and structural problems that undermine the efforts of people on low incomes to move past just surviving. A new approach is needed that centres equity, dignity, security and sustainability, bringing together social, environmental and economic goals.

The bold paradigm shift needed to achieve these goals is not without precedent. Earlier shocks have enabled equally significant policy shifts, establishing and strengthening social institutions or changing how we view the role of government. For example, the devastation of World War II led to then Treasurer Chifley setting out the foundations of a new social contract in his 1945 pamphlet Social Security and Reconstruction. This pamphlet explicitly outlined the links between social security and full employment, affordable housing and access to health and education. He saw social security payments as a 'stabilizer' to the economy (Chifley 1945, p. 12) and as a contributor to 'stable and fruitful peace' (Chifley 1945, p. 23). These changes laid the foundations for decades of economic and social stability.

Similarly, the major reforms of the 1980s occurred in response to the 'stagflation' crisis of the 1970s. This crisis, combined with a changing role for women and the end of the White Australia Policy, highlighted the need for a new social contract. The 1980s Accord and associated productivity reforms were expansive, incorporating industrial reforms, industry policy, tax concessions, universal health care and increased social security. However, a shift in focus towards improving efficiency and reducing government spending resulted in a greater role for the private sector and a shift away from equity considerations. These changes formed part of the neoliberal shift that initially boosted economic growth, but also weakened social protection and eroded social institutions.

In a country as wealthy as Australia, there is no need for people to experience such high levels of poverty, financial stress, uncertainty and hardship. With the right policy settings, it is possible for all of us to have the economic security we need to live a good life and be able to withstand shocks during uncertain times. With low unemployment and the first federal budget surplus in 15 years (Chalmers 2023), now is the time to take bold action to address the underlying drivers of poverty and insecurity.

Bold systems change is needed

Decades of piecemeal policy changes have failed to meaningfully address the drivers of financial stress. Some progress has been made, but the challenges are urgent. A new approach is needed to tackle the long-term structural and systemic drivers of financial stress, economic security and poverty.

We need bold changes to our tax system combined with a long-term commitment to rebuilding social infrastructure to drive equitable outcomes. Continuing efforts to boost social and affordable housing supply and pursuing options to assist those with mortgages to stay in their homes will be central to household stability.

The federal government's focus on full employment and improved job security will help expand access to secure, well-paid work. However, a coherent systems approach to labour market and monetary policy is needed, otherwise policies risk working at cross purposes, as we can see in the current anti-inflationary measures that rely on increasing unemployment.

An example of the need for a coherent systems approach is apparent in relation to those providing unpaid care work in the home who face systemic barriers to employment. Recognition of and support for unpaid carers (mainly women) requires flexible, inclusive employment as well as policy settings that support moves in and out of work. High effective marginal tax rates can act as a barrier for carers to take on work (or more work), trapping them in poverty. A review of the interaction between payments and earnings is urgently needed to reduce complexity and improve employment outcomes.

To reduce the stress and insecurity experienced by many who rely on income support, a reimagining of the social security system is needed to ensure that it is fair, equitable, transparent, accountable and provides social protection in times of need. The establishment of the Economic Inclusion Advisory Committee is an important first step to identifying and addressing poverty traps and barriers to economic security, but a comprehensive review is required to examine the structure, rates and conditions of payments as a whole.

While these broad changes towards a more equal society will take time, immediate steps must be taken to set Australia on a fairer path. We present a range of recommendations for urgent action.

Immediate reform to address pressing challenges

Urgent reform is needed to deliver affordable housing, support people into quality employment, and remove traps in the social security and family assistance systems. Without addressing the drivers of economic insecurity, short-term issues such as food insecurity and high rates of debt, particularly through the use of BNPL products, will leave more families stuck in insecurity. Increasing uncertainty undermines wellbeing, economic security and social cohesion.

Invest in housing affordability and protections

Secure affordable housing is fundamental to economic security and financial wellbeing and is critical to achieving good outcomes in health, education and employment. The housing affordability crisis has squeezed low-income households, creating pressure, stress and fear of homelessness. As renting across the life course becomes increasingly common, national rental standards with stronger protections are needed to support vulnerable renters in the private market.

Further, despite the recent and welcome 15% increase to Commonwealth Rent Assistance, the cost of renting has continued to rise. In 2022, the Productivity Commission recommended an urgent review of Commonwealth Rent Assistance to improve its adequacy and targeting due to a decline in value over time, address questions about whether payments are reaching those who need it most and why many people receiving it remain in rental stress (Productivity Commission 2022). Rent assistance should be reviewed in line with the Productivity Commission's recommendation (including maximum and minimum rent thresholds, the co-payment rate, indexation, income tapering and eligibility) and adjustments made to ensure that the payment reflects current need and rental conditions and to reduce the risk of homelessness and rental stress.

Support people to gain secure employment

The current employment services and training systems are failing the Australian community – especially those facing the greatest barriers to employment.

The recently released final report of the House of Representatives Select Committee on Workforce Australia Employment Services (2023), *Rebuilding employment services*, recommended a rebuilt Commonwealth Employment Services system and proposed:

- extended eligibility for employment services
- a more active role for employers
- a broadening and tailoring of mutual obligations to reduce harmful payment suspensions and the barriers caused by current punitive arrangements
- a guiding vision 'that all Australians can enjoy decent, secure employment and economic and social participation, regardless of who they are or where they live' (p. xxv).

It is crucial that government takes advantage of the momentum generated by this report and introduces legislation as soon as possible to progress these important reforms.

Remove traps in the social security and family assistance systems

The current rates of JSP and other working-age payments are inadequate, impoverishing long-term recipients and leaving short-term recipients at risk of financial stress. Increasing JSP and related working-age payments to 90% of the Age Pension rate consistent with the Economic Inclusion Advisory Committee (2023) is an urgent first step towards adequacy.

In 2018 and 2021 the newly arrived resident's waiting period was extended and is now four years for most payments. This change needs to be reversed as it traps families in poverty rather than providing support when needed so that they can contribute to and participate fully in Australia's society and economy.

The income maintenance period, which applies if you receive a redundancy payment, needs to be revisited, especially for mature age people who are more likely than other groups to remain unemployed. Redundancy payouts are often used to clear debts and create a buffer – for example, paying rent in advance – to create some security.

Too often people with disability and/or ill-health are stuck on JSP long term when they should be eligible for DSP, an issue recognised in *Rebuilding employment services* (Select Committee on Workforce Australia Employment Services 2023). Changes are needed to remove barriers and expand eligibility for DSP to improve economic security for people with disability and/or ill-health who are unable or unlikely to secure adequate employment (Soldatic et al. 2021).

Changes to FTB are needed to improve adequacy, minimise complexity and reduce the risks of incurring debts. BSL's *Growing pains* report (Stewart et al. 2023) explored the issues in detail and proposed four reform options. It also recommended immediate action including:

- reinstating the indexation of FTB in line with pensions
- reviewing shared care arrangements
- removing the maintenance income test and maintenance action test.

The current rates of JSP and other working-age payments are inadequate, impoverishing long-term recipients and leaving short-term recipients at risk of financial stress.

Appendix

Study design and method

This study built on the 2017 Spinning the Plates study which drew on the approach used by Murdoch and Schneider in their landmark US Financial Diaries research (Murdoch & Schneider 2018).

Recruitment and sampling

Like the Spinning the Plates study we purposively selected local government areas with high levels of financial stress and low SEIFA scores. We focused recruitment on seven local government areas (LGAs) in urban, peri-urban and regional areas:

- **urban:** Brimbank City Council, Casey City Council and Greater Dandenong City Council
- **peri-urban:** Hume City Council and Whittlesea City Council
- **regional:** Mitchell Shire and Central Goldfields Shire.

We reached potential participants by distributing research flyers through a range of service and community networks in the targeted LGAs, including community houses, charities, libraries, employment services and sports groups.

Research flyers were also shared through social media pages of BSL and the SEED Project.

Interested participants were asked to complete a screening survey to identify eligible participants based on the following criteria:

- adults 18 years of age or older living within the identified LGAs
- annual household income of less than the median gross household income of $93,000 (rounded down to $90,000 for promotional purposes) (ABS 2022)
- reporting at least one form of financial stress based on responses to financial stress questions from the HILDA Survey.

Eligible participants were contacted by a research assistant to invite them to participate. Sixty-one respondents to the screening survey were invited to take part and of these forty-three (68%) agreed to do so.

Most participants were women (72%) aged between 35 and 54 years (51%), living in urban and peri-urban areas (77%) and coupled with children (37%).

Table 2 Summary of participant characteristics

Demographic characteristic	Number of participants	Percentage
Location		
Regional	10	23%
Peri-urban	15	35%
Urban	18	42%
Total	**43**	**100%**
Gender		
Woman	31	72%
Man	11	26%
Non-binary	1	2%
Total	**43**	**100%**
Age		
Under 35	9	21%
35 to 54	22	51%
55 plus	12	28%
Total	**43**	**100%**
Household / family type *		
Single with no children	12	28%
Single parent	13	30%
Couple with no children	2	5%
Couple with children	16	37%
Total	**43**	**100%**

* Based on family members living in the same household. Non-family members living in the same home as the respondent and family members not living within the household were not considered when categorising households. For example, families with children that have moved out are counted as couples with no children, a single parent living with housemates will be seen as a single parent etc.

Based on their responses to the screening survey, about a third (35%) of the participants were unemployed, another third (30%) were working part-time, about half (51%) were receiving some form of income support and 70% had reported an income of under $50K.

Table 3 Summary of participant labour force and income characteristics

Labour force status		
Not in the labour force	9	21%
Unemployed	15	35%
Employed full-time	6	14%
Employed part-time	13	30%
Total	**43**	**100%**
Primary income type		
Income support	22	51%
Wages	17	40%
Business and investment	1	2%
Other (no income, small at-home business)	3**	7%
Total	**43**	**100%**
Income source (at start of study)		
Only income support	21	49%
Only wages	9	21%
Both wages and income support	9	21%
Investment income	1	2%
No income	3	7%
Total	**43**	**100%**
Income range		
Under $50k equivalised	30	70%
Over $50k equivalised	10	23%
Don't know	3	7%
Total	**43**	**100%**

** Respondents that self-reported their main income as 'other' included those with no or very limited income and those with income from multiple sources (e.g. Centrelink and insecure work).

Data collection

We designed the study to include an initial interview and then five surveys reporting on financial diaries kept over 10 weeks in the period October to December 2022.

Semi-structured interviews

Initial interviews were conducted to gather qualitative data about financial practices, strategies deployed to make ends meet and financial wellbeing.

The interview was structured in two parts. In the first part, participants were asked to share details of their financial circumstances in the two to five years prior including their sources of income, main expenses, unexpected expenses and strategies for coping with unexpected expenses. The participants were then asked to reflect on their current financial situation, any changes in sources of income and expenses, and strategies for meeting regular and unexpected expenses. To close this section, participants were asked to share their feelings about their financial situation, their goals and aspirations and their views about what would be most helpful, including policy suggestions, for them to feel financially secure.

In the second part of the interview, we collected data on household composition, participant's income in the previous two weeks, borrowing and lending history in the last 12 months, and their assets. Participants were also asked to respond to a series of statements capturing their subjective feelings of financial wellbeing. At the end of the interview the interviewer explained the financial diaries element of the study and invited them to take part, providing detailed information about how to complete their diaries, the risks and benefits, and their rights to withdraw at any time.

All initial interviews were audio-recorded and took 60–90 minutes. Forty-three interviews were conducted; one interview was face-to-face while the rest were held by phone. In appreciation of their time, interview participants received $50 gift cards.

Participants provided written or verbal consent. Verbal consent was recorded and stored separately from interview data.

Financial diaries

We adapted the Spinning the Plates study approach to collecting and tracking household data on income, expenses and saving patterns. We used this approach to elicit details about income, credit and debt, how people make ends meet and subjective feelings of financial wellbeing.

Every second Thursday for five fortnights (from 20 October until 15 December 2022) we emailed participants asking them to complete a short survey (taking no more than 15–20 minutes to complete) by clicking on a link provided in the email or by calling a researcher to assist them to complete the survey. We followed up with participants on the Friday of the survey week if they had not completed the survey on Thursday. If they indicated that they no longer wished to take part, we did not contact them for subsequent surveys.

A key difference from the earlier study is that we were required to seek consent to participate in each survey rather than to the series of surveys. This affected retention across the 10 weeks. Thirty-five (81%) individuals completed all five surveys, 3 (7%) completed four surveys, 3 (7%) completed three surveys, 1 (2%) completed one survey and 1 (2%) did not complete any surveys. Participants received $30 upon completion of each survey as compensation for their time.

Analysis

Interview data analysis

All interviews were audio-recorded and transcribed verbatim. The transcripts were carefully deidentified prior to analysis, using the Timescapes anonymisation guidelines. Deidentified transcripts were given an ID and pseudonyms, and a separate restricted access file linked the interviewee's name with that ID. On completion of the study this file was deleted. Deidentification of the transcripts was followed by data coding and analysis. Then, all research team members independently read through the deidentified transcripts to identify themes inductively. In an initial workshop, the team discussed and identified common themes emerging from the data which were grouped into major categories.

More levels of hierarchical divisions were then identified under each major category to create the initial coding framework. Quotes and rich descriptions from the transcripts were then coded into categories using NVivo. Using an iterative, inductive/deductive approach, overarching themes and subthemes were discussed in a series of additional workshops and coded until thematic saturation was reached. The final step in the analysis involved discussion and interpretation of the key findings by the research team.

Financial diaries data analysis

The five waves of survey data were analysed to generate descriptive statistics (frequencies, means) highlighting changes in patterns of income and expenditure.

Surveys were also analysed qualitatively, especially in relation to the free text comments. These data were added to NVivo, identified by the respondent's ID and analysed along with the interview data.

They were also analysed to better understand the dynamics of income and expenses across time.

Limitations

Given resource limitations, we interviewed individuals rather than all members of the household. This may have failed to capture differing perspectives and the nature of intrahousehold bargaining. The interview sample was small and not designed to be statistically representative of households in Victoria. However, the study provides valuable insights into the impacts of compounding crises on lower income households and economic security. These insights can inform policy reform that moves beyond tightened belts and narrow horizons.

Ethics

Ethics approval was granted by BSL's National Health and Medical Research Council (NHMRC) accredited Human Research Ethics Committee (project reference number: P0131).

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Making ends meet

Fostering security and dignity in tough times

Dina Bowman, Emily Porter and Margaret Kabare

2024

Acknowledgement of Country

The Brotherhood of St. Laurence acknowledges the Traditional Custodians of the land and waterways on which our organisation operates. We pay our respects to Aboriginal and Torres Strait Islander Elders past and present.

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