



UNITING
COMMUNITIES

Submission to:

**Select Committee on Poverty in South
Australia**

From:

Uniting Communities

August 2018

***Uniting Communities is South Australia's first accredited Carbon
Neutral organisation/business.***

Introduction

Uniting Communities commends the Legislative Council for undertaking an enquiry into poverty in South Australia, it is a significant issue. Poverty is important because it impacts heavily on individuals, their families and their broader communities, diminishing prosperity and well-being for all of us.

About Uniting Communities

This submission is prepared by Uniting Communities, a large Uniting Church based community service organisation in South Australia, providing about 100 different services.

Our input is driven by specific comments from a number of people who have received services from us and from staff who provide services. We also add the distilled experiences of thousands of individuals, families and communities with whom we work through services, including financial counselling, aged care services, disability services, homelessness support services, Lifeline and many more.

Overview of the content of this submission

In this submission we respond to each of the Terms of Reference of the Select Committee's Inquiry.

This submission sets out the following:

- An executive summary
- Summary of key recommendations: What the SA Government and others can do to reduce poverty
- Some aspects of Poverty in South Australia – Experiences,
 - Voices of people experiencing poverty
- Context and analysis – Understandings of poverty
- What does the data tell us?
- key issues and recommendations
 - Key issues and recommendations
- Conclusions.

Executive Summary

Poverty can be tackled in South Australia. We are part of one of the richest countries on earth at the richest time in human history, so if ever there was a time to tackle poverty and disadvantage, it is now.

There is clear need to do much more than just 'more of the same' which has failed to dent either entrenched poverty for parts of the population over generations or the emerging 'new' poverty for certain groups, including older women.

Uniting Communities is proposing longer term strategy proposals and a series of more immediate short-term recommendations for action.

Our longer term strategy is to recognise that responding to poverty has to be a partnership involving communities, business, local government as well as state Government. We are therefore proposing that the State Government initiates the development of a “Compact to Reduce Poverty” that would be a shared response to poverty in South Australia involving business, community organisations and all tiers of government.

As part of this Compact, we propose the establishment of a “Future Work Strategy” in order for South Australia to respond to the rapidly changing labour market in order to maximise employment opportunities in the State and to support poorer communities to access employment.

In terms of specific recommendations, the following are addressed in the body of this submission:

Child Protection:

- a. A commitment to reintroducing an Early Intervention and Prevention Bill aimed at committing future governments to investment in child wellbeing.
- b. Setting a target for the reduction of children entering and remaining in care in South Australia.
- c. Establishing a clear plan for how such a reduction will be achieved.

PV for Renters

Modest subsidies for landlords to encourage them to install rooftop photo-voltaic (PV) systems on rental properties, so that low income private sector renters, many of the poorest people in the state, can have access to reduced energy costs. Such opportunities are currently only available to homeowners.

Housing Affordability

After income, the cost of housing (including energy) is the most significant issue for poor and low-income people. We note that Australia, including South Australia has a very low housing stock to population ratio compared to other OECD nations, and Australia is one of the very few countries (along with the USA) where this ratio has fallen in the last two decades.

We recommend housing affordability as a priority area for action to increase available and affordable housing stock in South Australia. We propose creating an “Affordable Housing Foundation” to provide finance for rental-purchase housing provision, along with requirements that new housing developments over a certain size include a proportion of affordable housing.

Housing and older women

Uniting Communities is particularly concerned about the increasing number of older women who are homeless or at risk of homelessness. A growing number of older single women are moving into poverty with no assets, no superannuation and little prospect of home ownership or secure housing tenure. We recommend the establishment of a task force that will focus on

superannuation funds, property developers and aged care groups to really tackle this issue with government, with particular relevance to the needs of older women.

Recommendations affecting Aboriginal Communities

That the State Government encourage and lobby its Federal counterparts to review its policies and/or allocate appropriate resources regarding the following three issues that exacerbate and perpetuate poverty amongst Aboriginal and Torres Strait Islander South Australians:

(a) *Housing*: The South Australia Government to lobby the Federal Government to negotiate ongoing funding for remote housing, more so in light of the expiry of the National Partnership Agreement on Remote Housing (NPARH) in June 2018.

(b) *Income Management*: The SA Government to work with the Commonwealth Government so that compulsory income management, whether in the form of the Basics Card or Cashless Debit Card, should not be applied in South Australia.

(c) *Comprehensive social support services*: Linked to the recommendation above, that greater funding be allocated to support for comprehensive social services including financial counselling, alcohol and other drug and gambling support services, family and child support, and for culturally safe approaches to social support for Aboriginal and Torres Strait Islander South Australians.

(d) *Community Development Program (CDP)*: SA Government to work with the Commonwealth Government to revamp its work-for-the-dole Community Development Program (CDP) as applied across remote communities.

Recommendations on cost of living pressures and an increase to income support payments

That the SA government actively encourages the Federal government to increase Newstart payments and related benefits.

Recommendations on education, skills and the labour market

(a). TAFE fees be abolished for people undertaking employment focussed courses and receiving a Centrelink payment

(b). The SA Government commit to the development and implementation of a “Future Work strategy for South Australia” that will lead and encourage community and industry wide debate about likely and desirable employment futures, actively consider likely changes for the future of work, employment opportunities from new jobs, industry restructure and regional development to assist with transition to “future work.”

Recommendation on Dental Health

- (a) The new SA Oral Health Plan explicitly include a strategy to increase access to and uptake of dental health services by low income and disadvantaged people.

Recommendation on Gambling

That the SA government implement a \$1 per spin bet limit on all poker machines in SA, as recommended by the Productivity Commission in 2010.

Recommendations on State taxation and fines

- (a) That State fines are transitioned to a basis whereby fines are income based.
- (b) That the SA government initiate discussion with businesses and the SA community about opportunities to move the tax base to being more progressive.
- (c) We reiterate previous calls for state government to move to less regressive state taxes and introduce more progressive charging options for state-based fees and charges.

List of recommendations: What the SA Government and others can do to reduce poverty

Recommendation on Share Responsibility and a Compact:

That the SA Government initiates the development of a “Compact to Reduce Poverty” that includes the State Government, business, community organisations and Local Government.

Recommendation on Child Protection:

That the SA government commit to a new vision for child protection and wellbeing which should include:

1. A commitment to reintroducing an Early Intervention and Prevention Bill aimed at committing future governments to investment in child wellbeing.
2. Setting a target for the reduction of children entering and remaining in care in South Australia.
3. Establishing a clear plan for how such a reduction will be achieved.

Recommendations on energy and housing affordability:

- That the SA Government implement a “Solar Photo-voltaics for private renter scheme” by providing a modest subsidy (\$2000 per property proposed) to landlords owning properties likely to be tenanted to low income people, so that benefits of lower electricity bills can be shared, with significant savings to low income tenants.
- That the SA government supports the establishment of an “Affordable Housing Foundation” based on Friendly Societies / Building Societies models, to provide cost effective affordable housing on a rental purchase basis. The Government’s role being to:
 1. Provide start-up funding to establish the community based “Foundation”
 2. Underwrite capital raising to minimise financing costs.
 3. That the Residential Energy Efficiency Scheme (REES) be revamped and augmented to become a partnership between government and energy companies with the primary objective of improving the energy efficiency of the housing stock used by lowest income people.
 4. That energy efficiency standards be upgraded for all new residential housing construction in South Australia.

Recommendation on vulnerable, older women

Older women at risk: That a separate review be established as an outcome of this Inquiry to bring together State government, superannuation funds, financial institutions and community organisations with a strong focus on supporting older people, to develop a South Australia strategy to support older women at risk of homelessness.

Recommendation about Family and Domestic Violence:

That available FADV accommodation to be increased, including increasing the number of publicly owned and maintained dwellings for families who have to relocate for FADV reasons, including in regional locations. More especially in relation to women who have left their home due to Family and Domestic Violence (FADV) and have chosen stay with family/friends for a short time before deciding to access support. They must have access to a referral to the specialist FADV sector to receive the same level of brokerage support / FADV counselling support as those women who enter immediately via the FADV sector pathway

Recommendations affecting Aboriginal Communities

That the State Government encourage and lobby its Federal counterparts to review its policies and/or allocate appropriate resources regarding the following three issues that exacerbate and perpetuate poverty amongst Aboriginal and Torres Strait Islander South Australians:

(a) **Housing:** Noting that decent housing is acknowledged as a key social-determinant of improved health and wellbeing, and is a fundamental building block for reducing poverty and closing the gap, we call on the South Australia Government to lobby the Federal Government to negotiate ongoing funding for remote housing, more so in light of the expiry of the National Partnership Agreement on Remote Housing (NPARH) in June 2018.

(b) **Income Management:** The SA Government to work with the Commonwealth Government so that compulsory income management, whether in the form of the Basics Card or Cashless Debit Card, should not be applied in South Australia, as it entrenches disadvantage for persons experiencing or at risk of poverty, and does not address the drivers of social inequality and marginalisation.

(c) **Comprehensive social support services:** Linked to the recommendation above, that greater funding be allocated to support for comprehensive social services including financial counselling, alcohol and other drug and gambling support services, family and child support, and for culturally safe approaches to social support for Aboriginal and Torres Strait Islander South Australians.

(d) **Community Development Program (CDP):** SA Government to work with the Commonwealth Government to revamp its work-for-the-dole Community Development Program (CDP) as applied across remote communities so that:

- Unemployment and joblessness in remote communities is addressed as an employment issue rather than as a social welfare issue.
- Job opportunities are to be maximised through the existing service providers, in order to enable job seekers to engage in real work with award wages based on proper conditions of employment.
- The needs and objectives as defined by communities should determine meaningful and productive local work initiatives. It is proposed that such an arrangement would be managed by community-based providers who would be accountable to their respective communities and the relevant funding agency.

- For those who are unable, for whatever reason, to secure the available jobs, they should have access to an adequately resourced social security safety net.
- The design and implementation of any new arrangement must involve direct collaboration with and input from remote Aboriginal and Torres Strait Islander communities and their organisations.

Recommendation on Newstart and related benefits:

That the SA government actively encourages the Federal government to increase Newstart payments and related benefits.

Recommendations on cost of living pressures:

- (a) That the oversight and management of State concessions be streamlined and that the South Australia and transport concession card be scrapped with eligibility for transport concession given to people who hold a Health Care Card.
- (b) That SA energy concessions be applied to the bill payer, through their NMI (National Metering Identifier), with concessions claimed directly by the relevant retailers.
- (c) Recommendation: that TAFE fees be abolished for people undertaking employment focussed courses and receiving a Centrelink payment.
- (d) Future Work Strategy: That the SA Government commits to the development and implementation of a “Future Work strategy for South Australia” that will lead and encourage community and industry-wide debate about likely and desirable employment futures, and actively considers likely changes for the future of work, employment opportunities from new jobs, industry restructure and regional development to assist with transition to “future work.”

Recommendations about skills and employment

- (a) TAFE fees be abolished for people undertaking employment focussed courses and receiving a Centrelink payment
- (b) The SA Government commit to the development and implementation of a “Future Work strategy for South Australia” that will lead and encourage community and industry wide debate about likely and desirable employment futures, actively consider likely changes for the future of work, employment opportunities from new jobs, industry restructure and regional development to assist with transition to “future work.”

Recommendation on Dental Care:

The SA Oral Health Plan is currently being reviewed and we encourage the Inquiry to encourage the Plan to have a specific focus on increasing access to and uptake of dental health services by low income and disadvantaged people.

- (a) Recommendation: that the new SA Oral Health Plan explicitly include a strategy to increase access to and uptake of dental health services by low income and disadvantaged people.

Recommendation on Gambling:

That the SA government implement a \$1 per spin bet limit on all poker machines in SA, as recommended by the Productivity Commission in 2010.

Recommendation on State taxation and fines:

- (a) That State fines are transitioned to a basis whereby fines are income based.
- (b) That the SA government initiate discussion with businesses and the SA community about opportunities to move the tax base to being more progressive.

Some aspects of Poverty in South Australia – Experiences from Uniting Communities Services.

The Select Committee's terms of reference: (a) The extent and nature of poverty in South Australia; (b) The impact of poverty on access to health, housing, education, employment, services and other opportunities.

Experiences: Voices of people experiencing poverty

The section of this submission brings voices of people experiencing poverty to the Inquiry. This is essential, as all too often, policy development occurs without input from the people most impacted, invariably resulting in poor policy, inappropriate programs and, consequently, a failure to achieve the results that are needed.

1. Comments from Uniting Communities' New Roads, Smithfield

New Roads is the alcohol and other drugs service provided by Uniting Communities, which has a 120 year history of continuous provision of support services in response to alcohol and other drug issues

The following commentary is from discussions held by New Roads counsellors at our Smithfield service, with groups of clients about their experiences of poverty:

Do you understand what poverty is?

- People living in poverty do not have enough money for basic necessities such as food and shelter.
- Poverty is the state of being poor, having little money or being in need of a specific quality. An example of poverty is the state a person is in when he is homeless and has no money or assets.
- Lack of means to meet essential needs e.g. food, shelter, safety, health care.

Have you ever been effected by poverty?

- Experiencing homelessness; not having enough money to feed my children adequately, for example eating 2 minute noodles for days – nutritional needs are not met.
- Not enough money for transport, petrol, bus tickets – cannot get to appointments stipulated by Centrelink e.g. Job Network provider appointments.
- Forced to do things I would not normally do, such as steal food.
- Very negative affect on my self-esteem – having to go into Centrelink for the first time in my life after working for 20 years was demoralizing. Felt judged and belittled having to tell my story to Centrelink workers. After waiting there for 4 hours I left feeling defeated. My self-esteem was very low. Then the time it took to get any sort of payment from them; I was living in poverty for a long time and when I did eventually get

a payment most of it had to go towards debts as I had needed to borrow from people to survive.

- Expectation from Centrelink that we all have access to Internet and this is not the case. It is very difficult to complete requirements such as attending appointments and going on MyGov if you have no money for internet or transport. Then get punished further by Centrelink stopping payments.
- The systems designed to support people in need are setting those very vulnerable people up to fail. I lost my house when DCP removed my children into care. I was living in my friend's backyard and had no money. Centrelink said I would not receive any payments for 16 weeks. In this time I was desperate and resorted to crime from which I ended up in jail. Now I am in process of having my children back in my care, however I cannot afford a house that is suitable for my four children; DCP will not proceed with reunification due to lack of suitable housing and my housing affordability on Newstart Allowance is very low. So I am caught in this scenario where I cannot move forward in any way in my life. Finding employment with a criminal record is also very difficult. So I continue to smoke Cannabis as a coping strategy (as I feel defeated).
- Cannot afford to clothe my son when he has a growing spurt and he is having to wear clothes that are too small for him, this has a negative impact on his self-esteem.

Has poverty ever effected your access to health care?

- I was on waitlist for surgery for so long that my health deteriorated so much I ended up being hospitalized. This would have cost the government more than if they made healthcare accessible when it is most needed.
- Dental treatment is very difficult to access and I spent years putting up with dental pain until I was able to access free dental treatment through UC AOD service. By this time I needed so much dental work that if I had been able to access regular dental treatment it could have been avoided, once again it is having access to these services when they are needed.

Can you afford private health insurance?

No

Does poverty effect your housing?

- Yes, discriminated against in private rental. Cannot afford rental if on Newstart Allowance. Housing SA complete a Housing Affordability Assessment which highlights that people on Newstart allowance cannot afford private rental.
- It took one person 9 months to find a place to live due to lack of housing.
- I was unable to proceed with reunification with my children as I was unable to access suitable accommodation for me and my four children.

Do you think poverty is present in the northern suburbs of S.A.?

- Yes, I go to a lot of Fred's vans for food and other services in the Community.
- I also see people sleeping on the streets.
- It is getting more and more difficult to access services in the community, as they are overloaded with people needing support.

If poverty is effecting yourself or other people you know, how do you think it came about?

- Becoming unemployed
- Unable to work due to health reasons
- Mental health concerns and lack of proper psychiatric care
- Lack of access to education
- Extreme weather conditions that may cause bush fires, droughts.
- Death of a spouse or illness of a spouse who is the provider for family.
- Over population
- Lack of control of local food which causes higher prices to purchase healthy and fresh food.

What are three things you can think of that could be put in place from government to address poverty in S.A.?

- Increase Newstart allowance payments,
- Lower food prices, lower rent, lower utility prices.
- Make it easier for people in need to access services.
- Free transport to access appointments with Job Network and job interviews.
- Subsidise internet for people on Centrelink payment.
- Free education in particular for people attending TAFE courses, where fees are requested to be paid up front. This is a huge disadvantage for people who wish to access education whilst on Centrelink payments and their options to go on and reach their full potential in life.
- Free installation of solar panels on homes.
- More affordable housing, plenty of land in Playford Region of SA where lots of housing could be built that would be affordable for those who are financially disadvantaged. Housing is one of the most important physiological needs and without this basic human need being met, it becomes very difficult for people to achieve their goals in life.

The above commentary highlights that domestic and family violence and relationship breakdowns and separations are a leading cause of poverty for many of our community members and that housing affordability is a substantial concern.

2. Julie's Comments

One of the members of the Smithfield group, Julie wanted to add some personal comments for members of the Inquiry, she writes:

Dear Leslie,

I write to you in response to your advertisement. My name is Julie and I am a single mother of two children. "N" 21yrs & "M" 15yrs. We are currently living in transitional housing in the suburb of Smithfield S.A.

I have been a single mother for 13 yrs. due to having to leave N & M's Dad due to domestic & family violence. Due to being a single Mother, it has been a constant state of distress and worry on how I will financially make ends meet. Not being able to work due to living with mental health and being a Mum of two children also living with mental health issues, I only receive Centrelink payments as my main source of income.

I have had to see a number of financial counsellors and receive some financial assistance from their services and family. We have never been able to have a savings account and always have to borrow money from my Mum to pay big bills \$300 to \$600. The level of financial literacy in my community is quite low. The financial counsellors I have seen try their best to educate me on money matters but what they say you should do doesn't work in reality.

I rely on Centrelink for income and receive some Child support for only one of my children because the oldest is over 18. This is so unfair and unjust as just because this child turned 18 and started receiving youth allowance his father had no financial responsibility for him, but I do alone. He has to pay money towards rent, food and bills but this leaves him with a very small amount of money.

Why is it that the father, the perpetrator of violence still has the ability to financially abuse me? He is able to work due to he doesn't have the kids to get to school, so he has twice my income and gets to build his superannuation while I take on the responsibility of raising the children. Child support needs to be reviewed and in circumstances where domestic and family violence has occurred should be much better. I am not the only single Mum in this situation in my community, there are 100's of us.

My family cannot afford the local rent being asked for most rental properties in our area. I have been waiting over 5 yrs. for community housing or housing through Housing SA. As I said earlier we are in transitional housing at the moment and don't know where we will go after the 5th September when our time is up in this house. The stress and emotions and tension of this situation is effecting my children's and my mental health and physical health to such as headaches, back and neck pain and nausea.

My children are young carers for myself. They have missed a lot of school particularly my daughter. She needs tutoring which I cannot afford. As I have paid for both my children to go through schooling at a private school to try and break the cycle of poverty.

I have already broken the cycle of domestic and family violence and alcohol and drug use cycle.

I cannot afford private health insurance therefore we have been waiting for health care on the public health S.A. Health waiting lists. We take lots of medication to cope with the pain until we can see specialist to fix the actually problems.

Please see the attachment (included as a separate document) which is a copy of the SA Health waiting times list which the Adelaide PHN has recently published.

Here's the link for more information about the outpatient waiting times:

<https://www.sahealth.sa.gov.au/wps/wcm/connect/public+content/sa+health+internet/about+us/our+performance/specialist+outpatient+waiting+time+report>

I have also included a link to the Adelaide PHN's Needs Assessment. This clearly outlines the Health Needs in the Metropolitan region in particular the Playford area.

Here's the info to Adelaide PHN's needs assessment health matrix – if you click on the APHN Northern Region matrix you'll see the column that highlights the issues and needs for Playford:

<http://adelaidephn.com.au/publications-resources/population-health-data/health-matrix>

There are so many private specialists in the North that don't bulk Bill! My family and other families don't have the money up front to pay Dr's fees and charges. When I have had to pay it comes out of our food shopping money. Leaving us eat crap food for the week. Cans of baked beans and tin spaghetti.

Public transport and the fares are too expensive.

Car and house insurance is high due to the northern suburbs having a high crime rate.

I had a dream that one day I would build a house and have job and leave the house to my children as an inheritance, but now I can't see that dream coming true.

I have been bankrupt twice in my life and fear for my financial situation each day as I am getting older. I have little superannuation and no employment.

I can't afford to pay TAFE fees without help from funding or my mum.

So many families like mine are suffering from the effects of poverty in the northern suburbs.

It would be helpful to meet with you and discuss further and put forward measures to put in place to assist us break free from poverty and it's affect to keeping us down in life.

Thank you for taking the time to advertise to receive feedback from community members and organisation. It is great to know that people such as you and the committee members are talking to Parliament on Poverty and it's affect to our lives

3. Observations from Hope's Café

The following comments were produced for the recent enquiry into energy prices, hence the strong focus on electricity affordability. Uniting communities considers that these comments are also pertinent to this Inquiry.

Hope's Cafe is located at Clayton Wesley Church in Norwood and use a shared venture with Uniting Communities. Hope's cafe opens between 10-2pm on Wednesday and Friday providing tasty meals on a "pay what you can afford basis". The reality is that a whole range of support activities, both formal and informal occur around the focus of Hope's Cafe and the co-located opportunity shop. The support activities include:

- Healthy delicious meals on a "donate what you can afford basis".
- Six levels of English classes for Iranian, Korean and Afghani students
- Laundry service on Wednesdays
- Assistance for asylum seekers with the preliminary stages of their applications for asylum
- Food parcels
- Guitar lessons
- Barista training
- Art and craft activities
- A visiting Welfare Rights Service on Fridays
- Fundraisers and cultural events
- Financial counselling.

The following observations come from a couple of volunteers who support Hope's Café.

- *We can always tell when the electricity bills have come in, we are inundated with requests for help with food. Even with bill smoothing, a bill seeking a balance of about \$400, is not uncommon. For many people this is paid over two fortnightly periods, taking all the available income, so households are effectively unable to purchase food for a month.*
- *Growing numbers of people coming to Hope's cafe have decided that electricity is too expensive, so they live without electricity, they get by through being very resourceful, for example:*
 - *use barbecues in public parks to cook sausages or meat that a butcher has given to them or offered at the low price*
 - *go to bed early in winter to avoid paying for heating*
 - *there is some 'public places' where people can have a shower*
 - *laundry and food can be obtained through Hope's cafe and other welfare services*
- *Similarly we have noticed an increasing number of men living in their cars because they can't afford rent or electricity. They have to be very resourceful to get by, it's far from a comfortable life. It's all about surviving.*

- *A really common complaint is that Hope's cafe participants say they do the right thing, and use less electricity - but their bills keep on going up. "You just can't win" they say.*
- *Electricity is not a luxury. Government agencies expect everybody to have computer access at home, for example to fulfil Centre Link reporting arrangements. Many people can't afford to have a computer with Internet access nor can they afford electricity to power the computer. The government Agencies say "go to public library to use a computer", but if you don't have access to a shower and laundry, people don't want to go to a public library.*
- *There are health implications from inability to pay for electricity.*
 - *Hospitals rarely discharge people unless they have electricity at home.*
 - *Energy retailers maintain a very narrow definition of what constitutes a medical condition requiring electricity connection. One person who has had a couple of serious asthma attacks was scoffed at by their retailer when they said that asthma was a medical condition that could cause death.*
- *Energy retailers constantly express disappointment at the lack of willingness of customers to engage, yet when low income customers try to engage because they can't afford to pay a bill, they are told bluntly "just pay the bill." Engagement simply means doing what the retailer wants, no thought of listening to their customers.*

It's a sad state of affairs when energy companies treat being on a hardship program or access to bill smoothing as some sort of luxury to be earned through signing up to a "commitment to pay" and requiring four consecutive full payments, on time. All this, when you simply haven't got money to pay, before even being considered for any empathy or understanding. Surely hardship programs should be for people experiencing

Context and analysis – Understandings of poverty

Australia and South Australia have the income and wealth to eliminate financial poverty.

Prior to considering the level of poverty in South Australia and analyzing the data, it is critical that a conceptual framework and understanding of the causes and nature of poverty is considered.

There are a number of aspects to poverty, the direct impacts on individuals, households and communities, but there are also broader thematic issues which challenge the very nature of our society. Before providing some detail about impacts and responses for specific aspects of poverty in South Australia, we believe there is merit in giving brief attention to broader issues about the nature of our society, the changes afoot and how we choose to respond.

A question of affordability or of allocation?

Australia is one of the richest countries in world. Eradicating poverty in our society is not a problem of a lack of wealth or affordability but one of allocation, political will, and a recognition of the structural nature of inequality that results in poverty.

The Government, the business sector and our socio-economic system enable choices about how the country's wealth and budget is used and allocated. Rather than ensuring that all citizens have decent housing; access to health and essential services; decent wages and/or a decent level of income support if they are not able to work or where there is a limited labour market, preference is given to other priorities, such as using tax-payers money to provide corporate tax breaks.

Poverty needs to be understood as more than a scourge to be eradicated and as a problem experienced by 'the poor'; it is also a challenge of governance, political will and the socio-economic choices made by societies. Addressing poverty is about making active choices and designing and implementing social policies and programs that address the structural nature of poverty and inequality.

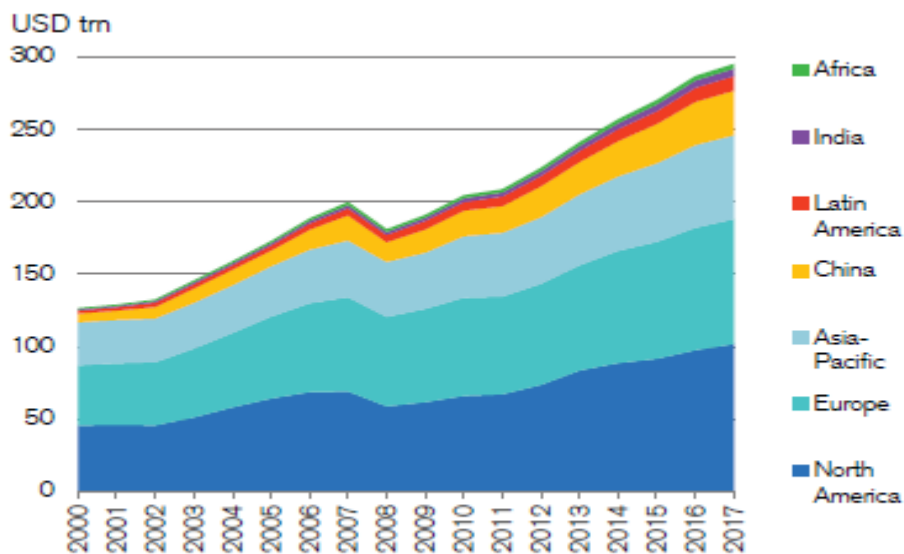
It is essential to remember that South Australia is a well-endowed state in one of the richest countries in the world at the richest time in human history. Consequently we have the economic capacity to eliminate income and wealth based poverty. The Credit Suisse Global Wealth report 2017 states"

"Switzerland (USD 537,600), Australia (USD 402,600) and the United States (USD 388,600) continue to occupy the first three positions in the ranking of wealth per adult."^{1, 2}

¹ <http://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=12DFFD63-07D1-EC63-A3D5F67356880EF3>

² Note re data. We recognise that there are many ways to calculate income and wealth and consequently to rank national experiences. The Credit Suisse report is very credible and the key point in making from the starter can be drawn from other data sources as well

Total global wealth 2000–2017, constant exchange rates



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2017

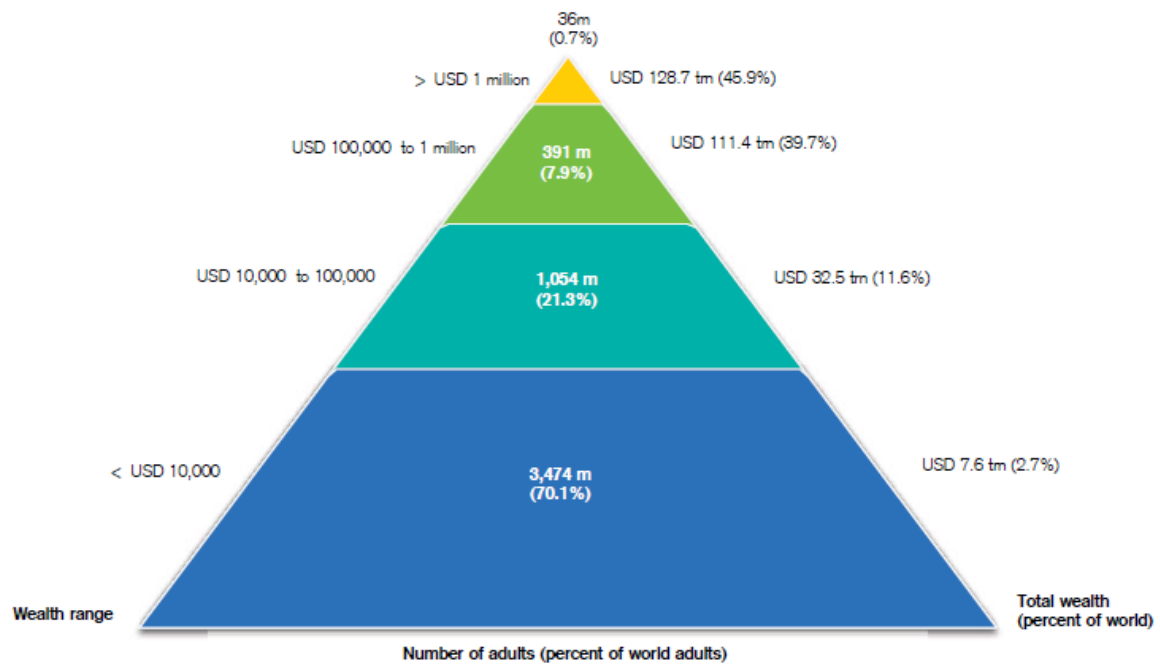
Figure 1, Source: Credit Suisse, Global Wealth Report 2017

Figure 1 shows that global wealth as measured in US dollars continues to grow significantly, despite the comparatively short term aggregate wealth impacts of the global financial crisis. The doubling of aggregate global wealth in under two decades is phenomenal and reinforces our claim that annual wealth is now higher than ever before in human history. In addition, most statistical measures to standardise global data reflect the reality that Australia is amongst the world's richest countries.

As shown in figure 2 below, substantial wealth inequality exists globally – with 45.9% of the world's wealth being owned by 0.7% of the population, while 70.1% of the world's population owns 2.7% of the world's wealth.³ It is the failure to fairly distribute the benefits of economic growth and wealth creation that is the basis for most of the world's social as well as economic ills. The inequality in wealth distribution in Australia is a significant factor in the presence of significant poverty in South Australia.

³ Credit Suisse report

The global wealth pyramid 2017



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2017

Figure 2, Source: Credit Suisse, Global Wealth Report 2017

A second observation from Credit Suisse is the situation of young people:

“The Millennials have had an unlucky start to adult life, hit early on by the impact of these factors on the Millennials’ wealth position, compared with that of previous cohorts ... The “Millennials” have had a run of bad luck, most clearly in developed markets. Capital losses and high subsequent unemployment have dealt serious blows to young workers and savers. Add to this, rising student debt in several developed countries, tighter mortgage rules after 2008, higher house prices, increased income inequality, less access to pensions and lower income mobility and you have a “perfect storm” holding back wealth accumulation by the Millennials in many countries....The Millennials’ challenges seem to have been most evident in North America, but the ripples have extended to Europe and elsewhere.” These challenges as outlined by Credit Suisse are replicated in South Australia.

Are poverty and unemployment automatic features of our society?

We often view unemployment, under-employment and subsequent poverty as if they are an automatic and accepted part of the world we live in. Our society seems to take it for granted that these features will always exist.

In practice, social policies and programs are very seldom designed with the understanding that the elimination of poverty is an achievable goal, that it would be possible to ‘make poverty history’. Instead, they are premised on assuaging or temporarily softening the hardships of poverty, as well as ensuring that those experiencing poverty are kept in check and do not become

‘disruptive’ to broader society. Increasingly, income support systems are being used as mechanisms to punish, modify behaviour, monitor and further marginalise those experiencing poverty, rather than supporting them or softening the hardship they experience – as evidenced by the imposition of the Cashless Debit Card in the Ceduna and Far West Coast communities of South Australia.

How is ‘employment’ defined and how does this affect levels of poverty?

According to the Australian Bureau of Statistics (ABS), ‘employed persons are defined as all persons 15 years of age and over who, during the reference week, worked for one hour or more for pay, profit, commission or payment in kind, in a job or business or on a farm ...’⁴

Being ‘employed’ does not guarantee that you are not experiencing poverty or that you have enough work and enough income to support yourself and your family. Increasingly, in South Australia and across the world, we are seeing the rise of the ‘working poor’. There are countless examples of South Australians who are holding down two to three jobs and working a full week but not having enough money to pay rent, feed their children and live a decent life.

Attitudes towards those experiencing poverty

Robert Menzies made clear in 1944, that social security was originally intended to protect and promote the dignity of people who were experiencing financial difficulties. At the time of the introduction of the *Unemployment and Sickness Benefits Bill 1944*, Menzies stated that social security was intended to dispense with ‘humiliation’ and that:

*People should be able to obtain these benefits as a matter of right, with no more loss of their own standards of self-respect than would be involved in collecting from an insurance company the proceeds of an endowment policy on which they have been paying premiums for years.*⁵

However, current government attitudes to those experiencing poverty reflect a particular world view that is premised on a set of understandings about the cause and place of poverty and unemployment in our society. Poverty is viewed as being the result of a moral, behavioural and individualised deficiency. This individualising of poverty and the apportionment of blame then enables the government to justify the abdication of its responsibility for providing accessible and sufficient social security. Given that poverty is viewed as an individualised deficiency and not a structural or systemic issue, the government can then advocate that ‘the undeserving poor’ must earn their income benefits (mutual obligation) and be grateful for them.

The lack of labour markets

⁴<http://www.abs.gov.au/Ausstats/abs@.nsf/2f762f95845417aeca25706c00834efa/47bfb611a97c91f2ca25710e007321c6!OpenDocument>

⁵ Commonwealth of Australia (1944). *Parliamentary Debates*, House of Representatives, 29 March (Robert Menzies, Leader of the Opposition) 2263.

The individualisation of poverty and the treatment of citizens as consumers with ‘mutual obligations’, denies the structural nature of unemployment and inequality. This view negates the reality that the reasons for unemployment, particularly in remote and regional areas, are not behavioural deficiencies or because people are addicted to alcohol, drugs and gambling, but because of the negligible labour markets in these regions – there simply are very few job opportunities.

In South Australia the unemployment rate hovers around just under 6 per cent but in some suburbs such as Elizabeth the unemployment rate is as high as 32 per cent, and in remote areas such as the APY Lands, this rate can go up to about 38 per cent.

The 2011 census labour force statistics for South Australia’s Eyre Peninsula and the South West (which includes Ceduna and the Far West Coast Aboriginal communities, where the Cashless Debit Card is currently imposed), indicate an unemployment rate of 4.9 per cent.⁶ In 2011, 46.2 per cent of Aboriginal Australians aged 15-64 in the Ceduna and Far West South Australia Region were employed. These rates are slightly lower than the comparable proportion for Aboriginal people across Australia (48.4 per cent).⁷ An index of relative Aboriginal disadvantage across Australia shows that all areas in South Australia’s Eyre Peninsula and the South West were in the most disadvantaged 30 per cent of Indigenous Areas in Australia in 2011. The greatest level of disadvantage is faced by Aboriginal people living in very remote areas.⁸

Infantilisation

The substitution in social security policy from ‘structural to individualistic explanations of social disadvantage’⁹, accompanied by the denial of the autonomy and sense of agency of income recipients, enables the government to view those needing income benefits as being incapable of managing money and in need of patronage and paternalism, primarily through limiting their access to cash payments. Income benefit recipients are treated as though their entitlement to manage their money is a privilege and not a right; they cannot be entrusted with the responsibility of managing money¹⁰. In the process, the recipients of income support are invariably viewed as passive and without a sense of agency; they are infantilized and are thought of and treated as children.

⁶ Australian Bureau of Statistics
http://stat.abs.gov.au/itt/r.jsp?RegionSummary®ion=406011134&dataset=ABS_REGIONAL_ASGS&geoconcept=REGION&datasetASGS=ABS_REGIONAL_ASGS&datasetLGA=ABS_NRP9_LGA®ionLGA=REGION®ionASGS=REGION as accessed on 27 January 2018.

⁷ Department of Prime Minister and Cabinet. Prepared by Information and Evaluation Branch. Ceduna and the Far West South Australia Region Indigenous Regional Profile as accessed on 27 January 2018 at <file:///C:/Users/susan/Desktop/CDC/Ceduna-Far-West-SA-Regional-Profile.pdf> p. 5.

⁸ Department of Prime Minister and Cabinet. Prepared by Information and Evaluation Branch. Ceduna and the Far West South Australia Region Indigenous Regional Profile as accessed on 27 January 2018 at <file:///C:/Users/susan/Desktop/CDC/Ceduna-Far-West-SA-Regional-Profile.pdf> p. 6.

⁹ Mendes, P. 2013. Compulsory Income Management: A Critical Examination of the Emergence of Conditional Welfare in Australia. Australian Social Work Vol. 66, Issue 4, 2013.

¹⁰ Bielefeld, S. Compulsory Income Management and Indigenous Peoples – Exploring Counter Narratives amidst Colonial Constructions of ‘Vulnerability’. Sydney Law Review Vol 36:695, pages 695 – 726.

“We’re starting to feel like we’re back in the ration days when white people managed our lives and everything else and treated us like children. It’s the same now. We’re treated like children and so we can’t make decisions for ourselves. We’re moving backwards, not forwards.”¹¹

Erosion of human rights

In the process of individualising poverty, infantilising those needing income support, and treating everyone as part of an artificially constructed homogenous grouping, people’s human rights have been eroded. Alongside these obvious denials of people’s rights, the lack of community consultation about the design and implementation of income support – for example in the form of the Basics Card or Cashless Debit Card – is a breach of the right of Aboriginal peoples to self-determination and flies in the face of this right as guaranteed in Article One of the *International Covenants on Human Rights*, and the *United Nations Declaration of the Rights of Indigenous Peoples*, which require meaningful consultation with and the informed consent of Aboriginal peoples during the development and implementation of policies and laws that affect them. The violation of human rights through the racialized exclusion of Aboriginal peoples and the enforcement of income management, illustrates the extent to which government’s attitudes to those experiencing poverty are embedded in its ideological agenda.

What does the data tell us?

Quantifying poverty, vulnerability, financial stress and social exclusion

It is recognised that there is much debate about which is the best measure to assess poverty. Uniting communities is of the view that poverty is not something that can be readily defined, with all approaches being indicators rather than specific measures. We recognise that different terms are used interchangeably by some people and with very precise meaning by others. For us, poverty, vulnerability, financial stress, being at risk and social exclusion are all terms that describe situations for people who are unable to live life to their full potential and to contribute to society as they would like.

The following measures summarise aspects of vulnerability and indicate that there is a substantial part of the population that experiences aspects of disadvantage and poverty:

- 40% approximately of people in likely housing stress: (31% renters + 10% people with mortgage, in casual employment and not keeping up financially)
- 30% approximately of people who are Health Card Holders
- 20.1% households below 60% median income poverty line (ACOSS 2016)
- 13.3% households below 50% median income poverty line (ACOSS 2016)
- 14.9% of people in the workforce underemployed
- 14% of households report inability to pay utility bills on time (ABS, HES) (Possible under-reporting here.)

¹¹ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf>




- 5.4% of workforce unemployed
- 2.9% of households have current electricity debt - relating to energy hardship
- 1.9% disconnected over a year - relating to energy hardship
1.2% households on hardship programs - relating to energy hardship




For Uniting Communities, rather than trying to come up with a robust quantitative measure to describe 'poverty,' we think the focus needs to be on assisting people to overcome the barriers, including inadequate income, that limit their opportunities to engage fully in society.

A major factor in causing financial poverty is a lack of adequate income and the most common income source is employment. Low hours, insecure work, unavailability of work and low wage rates exacerbate poverty and reflect a function of state economic activity.

The following table is taken from the ABS website and gives comparative data for South Australia and the rest of Australia for some 'headline' statistics.

South Australia data from 2016 census

		Year	South Australia	Australia
 Population & People	Persons (no.)	2017	1,723,548	24,598,933
	Median Age - Persons (years)	2016	39.8	37.2
 Economy & Industry	Total number of businesses (no.)	2017	146,757	2,238,300
	Main employing industry: Health care and social assistance (%)	2016	14.8%	
	Median equivalised total household income (weekly) (\$)	2016	769	877

		Year	South Australia	Australia
Income	Median total income (excl. Government pensions and allowance) (\$)	2015	45,445	46,854
	Completed Year 12 or equivalent (%)	2016	47.4	51.9
Education & Employment	Unemployment rate (%)	2016	7.5	6.9
	Persons who have need for assistance with core activities (%)	2016	6	5.1
Health & Disability	Average household size (no. of persons)	2016	2.4	2.6
	Average monthly household rental payment (\$)	2016	1,146	1,524
Family & Community	Average monthly household mortgage payment (\$)	2016	1,605	1,958



Small-scale solar panel system installations
2001-2016 (no.)

Year	South Australia	Australia
2016	205,624	1,640,486

Chart 1 Source: ABS 2016 Census

From this data we note that median¹² equivalised total household income for South Australia is \$769 per week (\$39,988 per year) compared to \$877 (45,604 per year) Australia wide.

The census data indicates that the main employing industry in South Australia is “health and social services,” which would suggest that it is important for policymakers to recognise the economic, as will a social importance of this sector.

Real Growth in Gross State Product¹³

The chart below, figure 3, shows that South Australia has had modest average annual growth in Gross State Product for the last decade, below this trailing average and other mainland states. It is encouraging that for the most recent year presented, 2016-17, South Australia’s economic position had improved, in part because of the adverse cyclical nature of revenue from mining which impacts Western Australia and Queensland significantly. For this most recent period South Australia’s GSP growth is nudged ahead of the national average, this is most likely due to a particular good harvest and grain / legume prices for the 2017 harvest.

¹² Note for ‘non-stats readers’: median refers to the middle of the income distribution and so is the income figure at which half the population has a higher income and half the population has a low income. Median income should not be confused with mean or average income. Average full-time employment earnings is significantly higher than median income due to the skewed nature of income distribution. We regard median income as a better general measure of population income than mean or average income.

¹³ https://www.dpc.sa.gov.au/__data/assets/pdf_file/0020/21755/GDP_GSP-2016-17.pdf

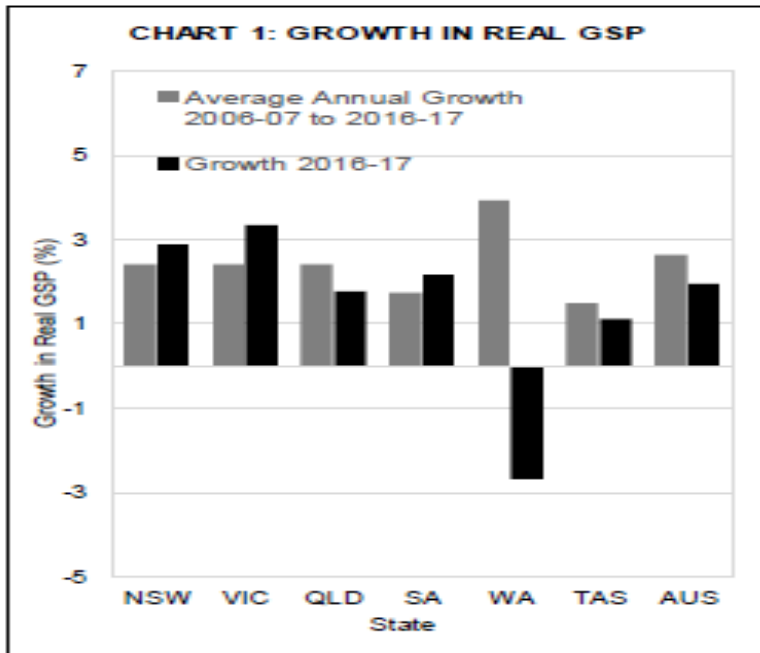


Figure 3, Source DPC South Australia

The table below has been released very recently by the South Australia Centre of Economic Studies and gives their projections for key economic parameters for the next couple of years.

SACES forecasts

	Latest Outcomes		Forecasts	
	2016/17	2017/18	2018/19	2019/20
Gross State Product	2.2	2	2	1 ¾
State Final Demand	3.0	2 ½	2 ½	2 ¼
Employment	1.3	2 ¼	1 ¼	1
Unemployment Rate	6.4	5.6	5.5	5.6
Participation Rate	62.3	62.9	62.8	62.9

Table 2, Source: SACES Briefing 8/8/18

We note from this table that projections for economic growth is positive but steady with a modest improvement in employment, and corresponding reduction in unemployment and a slight improvement in the participation rate - which has remained stubbornly high in South Australia for many years. The state's economy is heavily impacted by export markets, basically China and ASEAN nations, so changes in economic conditions of our major export partners will impact on our economy.

For this Inquiry, we suggest that the economic data shows that “the economy” will have little impact on the underlying drivers of poverty in South Australia for the foreseeable future, so a “business as usual” response to poverty levels in South Australia is not an option.

Jobs, Wages and Income

It has already been noted that poverty jobs and income are interrelated. In this section we drill down into the current South Australian situation regarding jobs, wages and income.

South Australian Employment and Hours Worked

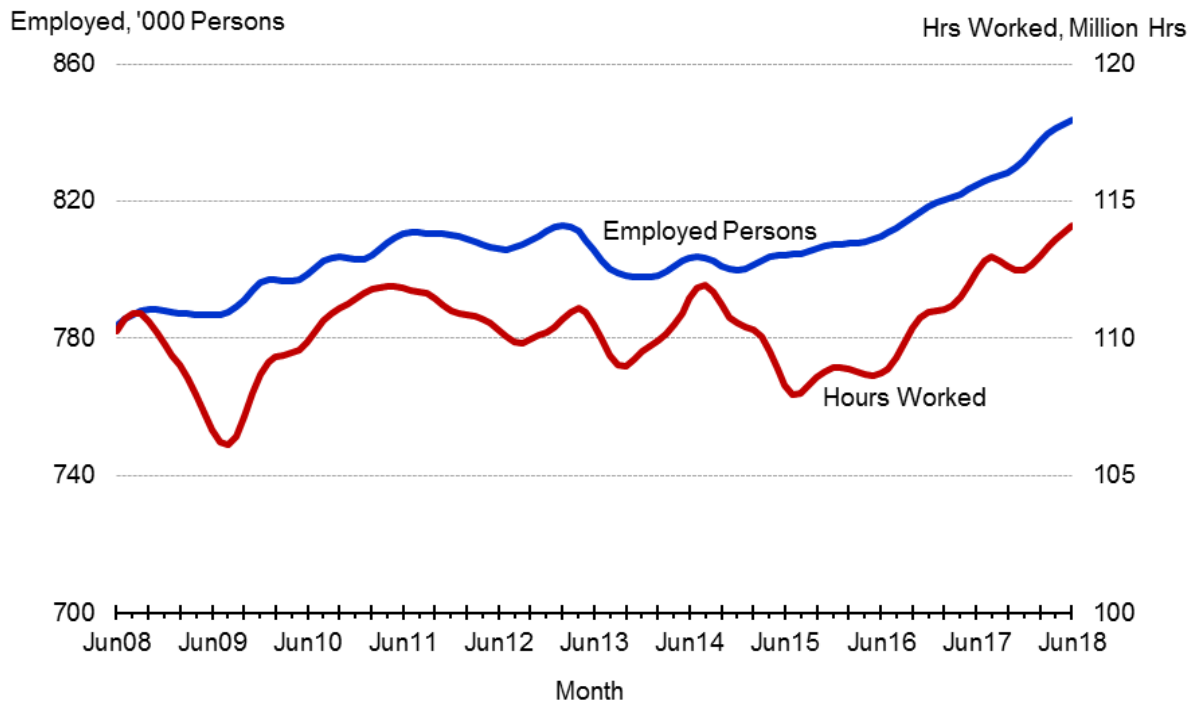


Figure 4, South Australian Employment and Hours Worked (Source: SACES Briefing 8/8/18)

The South Australian labour market has improved over the last couple of years, with the number of employed persons growing steadily and the total number of hours worked across the state improving as well. Note that it took until 2017 for the number of hours worked in the state to return to pre-GFC levels nearly a decade earlier.

We suggest that there are some structural issues behind the recent good news from the jobs front that are pertinent to this Inquiry. The following graph, figure 5, shows that part-time employment has risen steadily since the mid-1980s, while growth in full-time work has increased very modestly in terms of numbers of people employed full-time, or the rate of full-time employment has diminished since full-time employment has not kept up with population growth.

Figure 6 shows that whilst unemployment is slowly reducing in South Australia, under-employment continues to be significantly higher than unemployment levels, with about 15% of the labour force currently under-employed. This is important when considering poverty because there are a number of people who are employed but who do not have the income

necessary to meet their cost of living. We observe that under-employed people can be amongst the most reticent to seek help, for example through financial counsellors. The cohort of employed mortgagees with insecure under employment are presenting at financial counselling services much more frequently than in past years and are an important group of people to keep in mind when considering poverty or at risk of moving towards poverty.

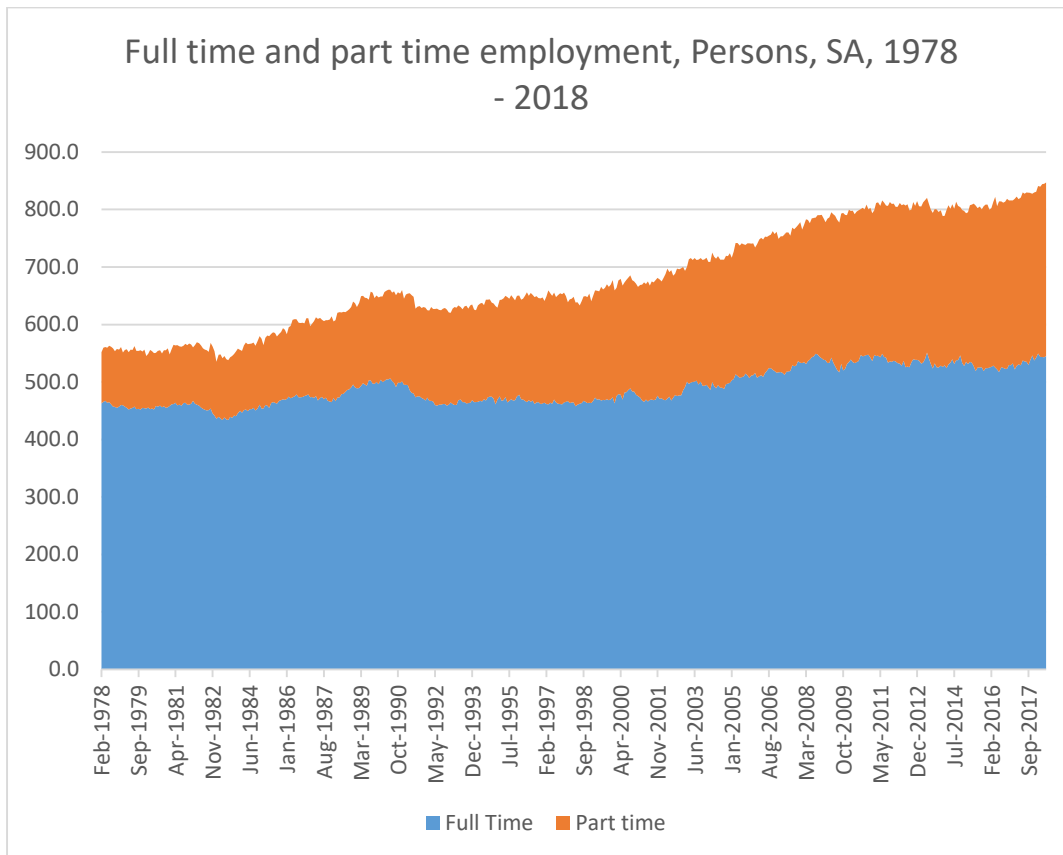


Figure 5, Source: ABS, Labour Force Australia, 6202.0

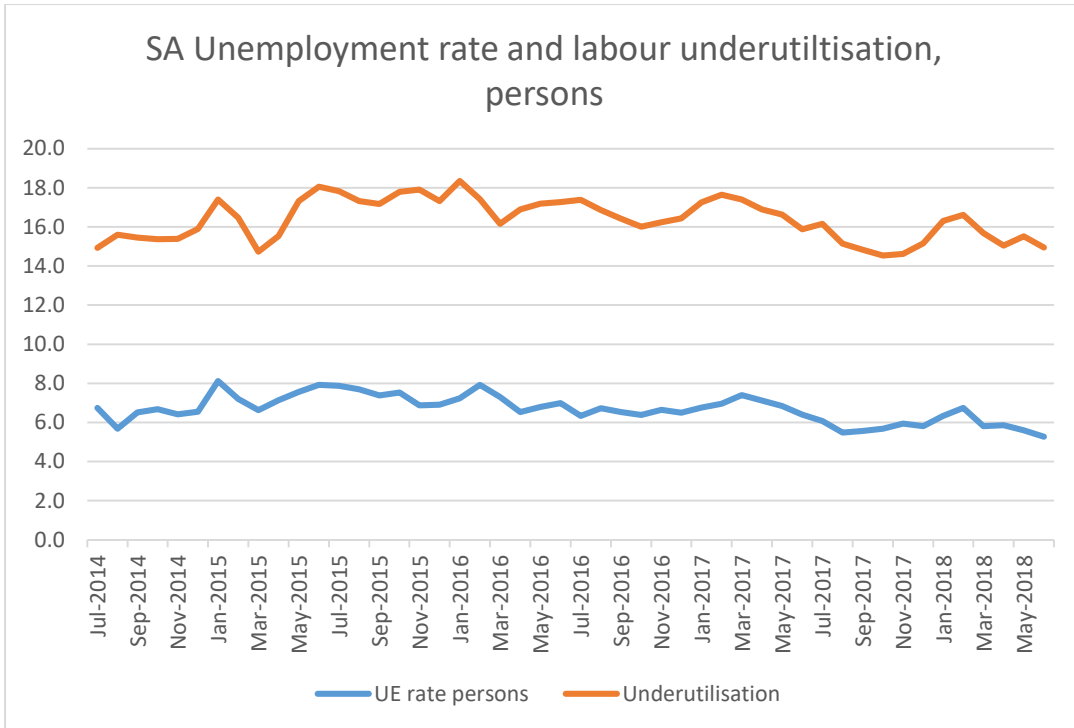


Figure 6, Source ABS, Labour Force Australia, 6202.0

Growing levels of under-employment and casualised work is also exacerbated by declining real wages, which is shown in figure 7, which is showing a significant decline in the Wage Price Index since 2011, so the current levels are below those experienced during the depths of the global financial crisis.

Annual Growth in Wage Price Index, SA

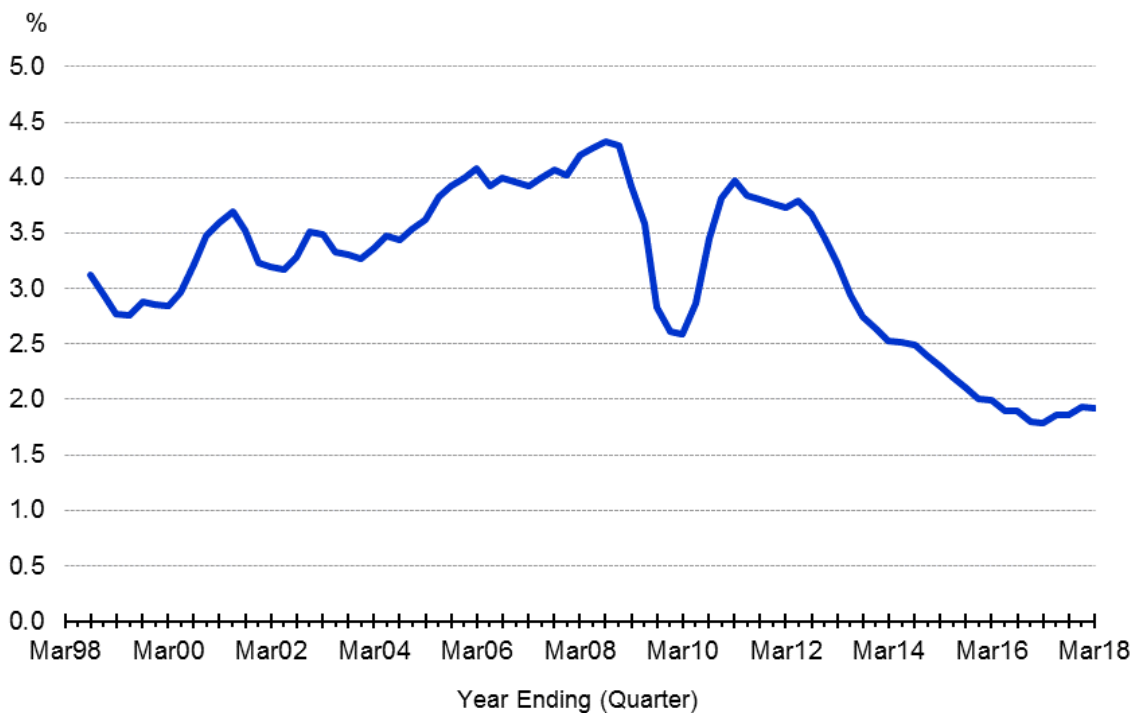


Figure 7, Source: SACES Briefing 8/8/18

Under-employment, an increasingly casualised labour market and diminishing real wages mean that there are continuing labour market pressures in terms of people wanting jobs, or more hours and needing more income than their employment is able to provide.

Groups most impacted by these changes are younger people looking to enter the labour market, where a majority of entry-level jobs are casualised. Similarly, older people are finding it difficult to obtain work, creating financial and emotional stress and diminishing the opportunities to generate even modest retirement savings.

Indigenous Australians have higher unemployment rates than non-Indigenous Australians; they also earn lower household incomes and are more likely to receive a government pension or allowance, as their main source of income. This is shown in the figure below where employment and income differentials for Indigenous and Non-Indigenous people are demonstrated.

Employment and unemployment rates (people aged 15-64) as a proportion of people with a government pension or allowance as their main source of income (aged 15 and over) and median equivalised gross weekly household income (\$ per week), by Indigenous status, 2014-15 is shown in figure 8¹⁴

Employment Status, Benefit receipt and Indigenous Status.



Figure 8, Source: AIHW, Australia's Welfare 2017

Regional disparity is also particularly pronounced for Indigenous people who experience disadvantage and inequality across a wide range of measures. Disparity/differences also exist

¹⁴<https://www.aihw.gov.au/reports/australias-welfare/australias-welfare-2017-in-brief/contents/indigenous-australians>

within the Indigenous population—with people living in *Remote/Very remote* areas faring relatively worse on several measures.

Compared with Indigenous people/households in *Major cities*, Indigenous people/households in *Very remote* areas earn \$271 less a week, are 1.4 times as likely to be unemployed, are 1.5 times as likely to receive a government pension or allowance as their main source of income, and are far less likely to be working full or part time.

Labour force status, Indigenous people aged 15-64, by remoteness area, 2014-15



Figure 9, Source: AIHW, Australia's Welfare 2017

The future of work

There is a growing recognition that the world of work continues to change, with many current jobs likely to be replaced by automation in the foreseeable future, while the rise of the “gig economy” means a growing number of people have no option but to seek ad hoc income through delivery, care, ride-share and a growing number of other gig economy jobs. These changes are underway now and will accelerate.

A recent article published by Deloitte's Economics¹⁵, highlights the following.

“The adoption of automation, robotics, and artificial intelligence (AI) is accelerating dramatically. Forty-one percent of respondents to this year's survey rate this topic as very important. Almost half (47 percent) of this year's respondents say that their organizations are deeply involved in automation projects, with 24 percent using AI and robotics to perform routine tasks, 16 percent to augment human skills, and 7 percent to restructure work entirely.

¹⁵ Deloitte, “AI, robotics, and automation: Put humans in the loop”
https://www2.deloitte.com/insights/us/en/focus/human-capital-trends/2018/ai-robotics-intelligent-machines.html?icid=dcom_promo_featured|global;en

Expectations for AI and robotics have also increased significantly. This year, 42 percent of the respondents we surveyed believe that AI will be widely deployed at their organizations within three to five years.”¹⁶

We raise the spectre of rapid change in the labour market because it has considerable potential to exacerbate inequalities and to further entrench poverty. The key economic drivers could also go the other way and create more employment opportunities to increase the income for disadvantaged people, though we suggest that this is less likely than the current state of development of these markets.

We encourage this Inquiry to identify the risks and potential of imminent changes in labour market functioning and to seek to be proactive in developing policies and practice that can help lower-income people and those at risk of exclusion to benefit rather than be further marginalised.

Income and Financial Stress

The following table shows the percentage of the population by weekly income bands.

Total Personal Income (Weekly) – SA, Persons over 15 years - 2016 Census

Persons earning \$1-\$499 per week (%)	-- 32.1
Persons earning \$500-\$999 per week (%)	-- 25.1
Persons earning \$1000-\$1999 per week (%)	-- 21.1
Persons earning \$2000-\$2999 per week (%)	-- 3.7
Persons earning \$3000 or more per week (%)	-- 1.9
Persons earning nil income (%)	-- 8
Persons with a negative income (%)	-- 0.5

Chart 3, Source: ABS 2016 Census

The above table shows that 32.1% of the population has an income below \$26,000 per year and 57.2% of the population has an annual income below \$52,000 per year. Only 13.6% of the population has incomes above \$104,000 per year. This reinforces our earlier comments about the large number of people with lower modest income, some of whom live in poverty with more living with the sense that they are only a couple of pay-cheques away from poverty.

Uniting Communities’ financial counsellors report that it is not uncommon to have clients for whom two thirds of their income is spent on rent plus energy costs. Indeed, this is the case for the vast majority of lower modest income households. These are the first two bills paid, rent first, then energy.

¹⁶ https://www2.deloitte.com/insights/us/en/focus/human-capital-trends/2018/ai-robotics-intelligent-machines.html?icid=dcom_promo_featured|global;en

The following two figures, below, show how much additional financial stress has been created by static or declining real income, coupled with substantial real increases in housing and energy costs.

Figure 10 shows how housing prices have risen relative to full-time weekly earnings since about the year 2000, after a number of decades of being in sync with each other. Note that for low income people (receiving pensions or other transfer payments as their prime source of income or reliant on casual work), the rate of housing price increases compared to these income sources, is even more substantial.



Figure 10, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

Over recent years, electricity prices have been the number one presenting issue for financial counsellors who highlight both to the rapid increase in real costs and also the unpredictability of energy bills. Many people receiving benefits, having some money set aside each fortnight through Centrepay. While thinking that their energy costs are covered, they are then hit with significant catch-up charges, with rising prices taking their bills above the payment put aside to cover their energy bills.

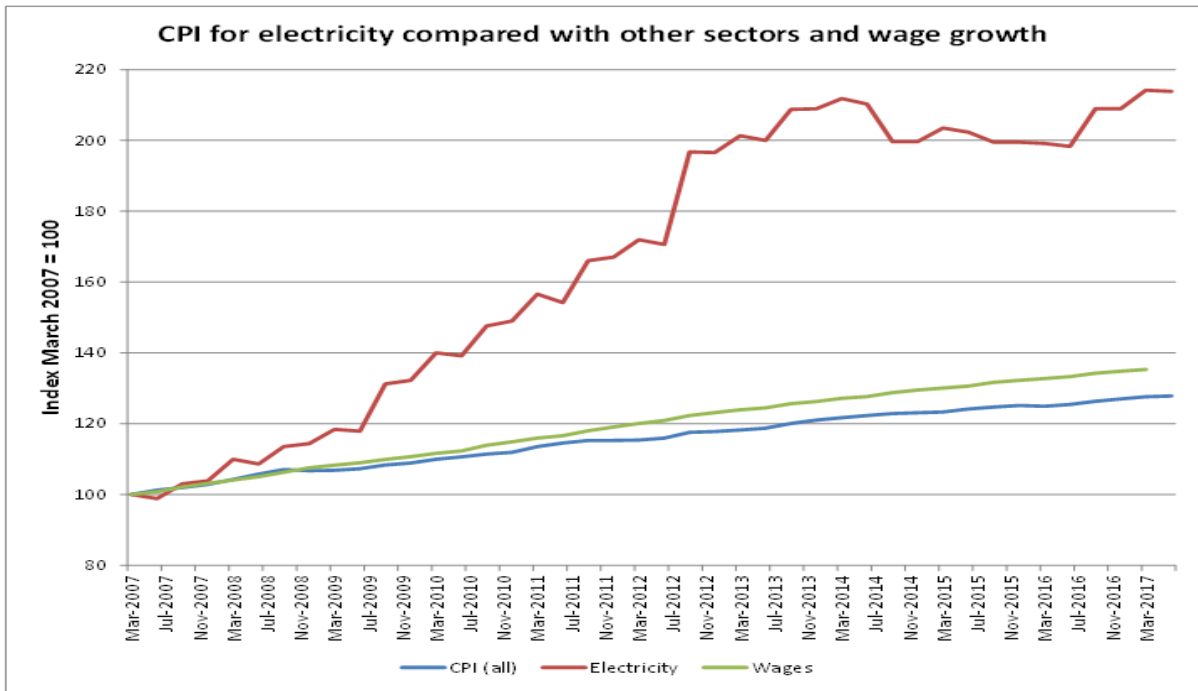


Figure 11 Source: ACCC report re energy affordability

The following two figures show some of the impacts of the growing squeeze on households, with incomes falling in real terms, while basic costs increased dramatically. The following graph shows that housing debt to income ratios have risen steadily for the last two decades and that it is housing debt increases have driven up household debt, explaining nearly all of the increase in household debt to income ratios across Australia.

Household and Housing Debt to Income Ratio

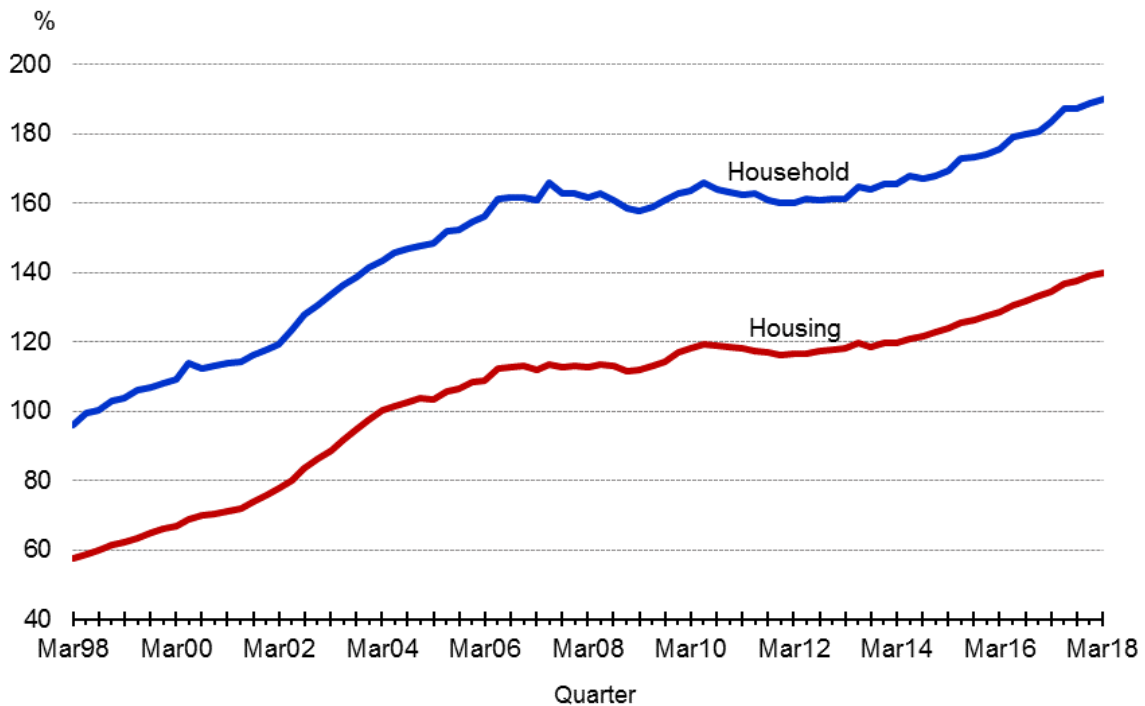


Figure 12, Source: SACES Briefing 8/8/18

The following graph clearly demonstrates the wages prices squeeze in declining wages growth has been matched by significant prices growth, with prices growth overtaking wages growth over the last couple of years.

Changes in Wages and Prices, Australia, March 2010 – March 2018



Figure 13, Source: Commsec

The declining wages and rising prices squeeze has led to a significant decline in aggregate household savings, with poor people and those on modest incomes least able to save.

Australian Household Saving Ratio

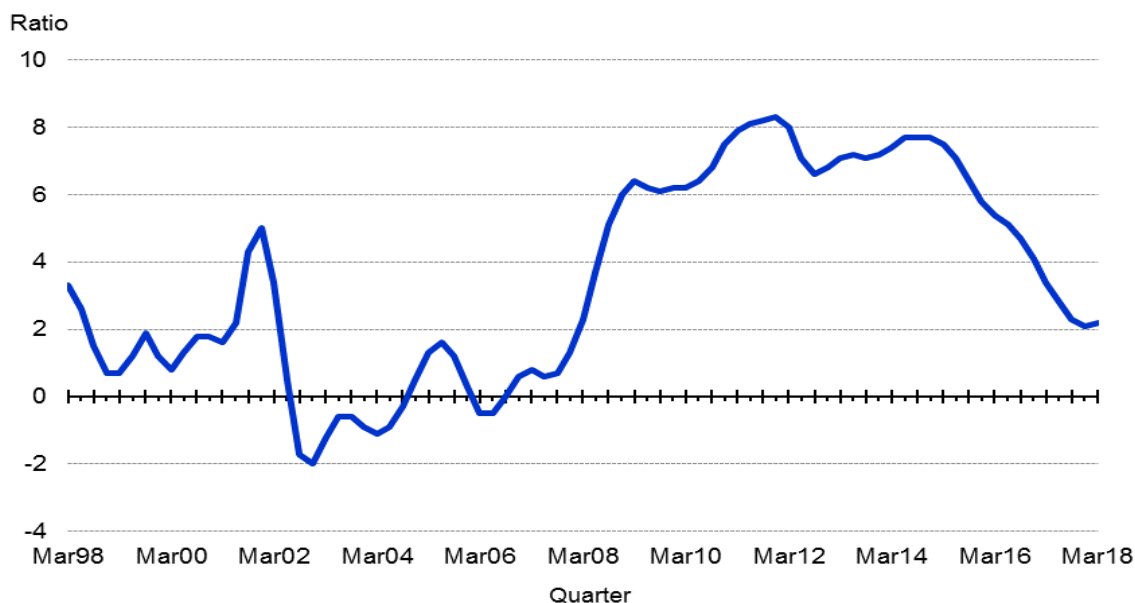


Figure 14, Source: SACES, Economic briefing August 2018

The end result of declining income growth, particularly for people at the poorer end of income distribution, coupled with the rising cost of basic items is demonstrated in figure 15 where it is evident that quintiles 1 to 3 have experienced lower income growth. Most significantly, this long-term trend has meant that net wealth increases are very modest for lowest income people and greatest for high income people, very modest superannuation holdings are almost the only wealth holding for people in the bottom two income quintiles.



Figure 15, Source SA Government, NATSEM report

Savings and wealth growth are important because they are central to financial resilience for individuals and families. The lack of savings and minimal opportunities to create wealth exacerbate poverty, particularly in the longer term, while low wages and inadequate income support are key factors for poverty in the shorter term.

Key issues and recommendations

The Select Committee's terms of reference: (c) The practical measures that could be implemented to address the impacts of poverty; (d) Any other relevant matters.

Poverty: A shared responsibility

Alleviating poverty has to be a shared responsibility with the SA Government playing an active role, but with business, community organisations and local government also needing to actively share responsibility – we are all part of the same South Australian community.

We also recognise that poverty is inextricably linked with economic performance at both state and regional level and also with educational and skill development opportunities as well as health and well-being. The State's economic performance is linked to global economies and many other factors as well. It would consequently be madness to expect the State Government alone to be able to solve the poverty issues we have outlined above. However we believe that there are some significant roles that state government, in particular, can play in providing leadership, vision and direction to ameliorate poverty in the state. Garnering business and community support to a shared commitment to poverty reduction is both desirable and possible.

Drawing on the words of the NAB Chairman, Dr Ken Henry on why we need a shared purpose: "One of the more important things we in business can do at this time is accept responsibility for the social and environmental outcomes of our activities. Not unreasonably, this is what the community expects.

But I would go further. It is time we got really serious about the social purpose of business. We need to make Adam Smith's invisible hand visible. And then we need to develop consensus on an ambitious role for government that goes well beyond picking up the pieces ...

And our purpose has us partnering with CSIRO and more than 50 other business, non-government and academic leaders to identify some of the ways we, as a nation, can respond to the challenges and opportunities facing us out to 2060. The Australian National Outlook project is aiming to discover how we can secure Australia's long-term prospects ..."

In light of the above, we recommend that the State government actively seeks to build a business and community sector partnership that would develop a whole of state "compact to reduce poverty."

Recommendation:

That the SA Government initiates the development of a "Compact to Reduce Poverty" that includes business, community organisations and Local Government.

Child Protection

Dealing with the complexity of families and the abuse and neglect of children is not a simple task. It requires enormous judgement, highly motivated staff, efficient systems and resources directed to the right solutions.

What we need more than anything after more than two decades of decline, is courage. Not more Inquiries or investigations or political point scoring following the next inevitable system failure – but real courage.

Continuing down our current path will not deliver us a better future for South Australian children or families. The sooner we have the courage to admit this and are prepared to set a new path, the quicker we will escape from our current crisis.

Earlier this year a group of everyday South Australians, having carefully examined our current system, boldly recommended a change of course for Child Protection. The People’s Policy proposed a new pathway which placed an emphasis on restoring protective family relationships and supporting children to living safely and securely in their family and communities. These are not simple or straightforward solutions – they require a deep commitment and targeted investment. But they are premised on a clear belief that the continuing escalation of child removals is failing to keep children in our society safe and well.

After 16 years of observing the decline of Child Protection, the new government has the opportunity to set a new course. Understandably, it will want to focus on ensuring that the administration of our child Protection services can be as professional and competent as possible. But this alone will do little to fix the mess we are in.

The new government needs both vision and courage to set a new direction – and follow it. Its vision needs to be based on both reducing the numbers of children needing to enter care and returning more children to live safely with their parents, extended family and communities.

We don’t only have to be a leader in areas like renewable energy and in the defence industry – we can become a leader in keeping South Australian children healthy, safe and connected with family and community. The government’s first budget in September will tell us how serious they are to this end – not just with more but better targeted and purposeful expenditure aimed at sustaining children living safely within their families.

Over the next four years, we need to avoid focussing on merely plugging holes in our current system and essentially doing more of the same. A new vision for child protection and wellbeing should be enabled by the following recommendation:

Recommendation:

That the SA government commit to a new vision for child protection and wellbeing which should include:

- (a) A commitment to reintroducing an Early Intervention and Prevention Bill aimed at committing future governments to investment in child wellbeing.
- (b) Setting a target for the reduction of children entering and remaining in care in South Australia.
- (c) Establishing a clear plan for how such a reduction will be achieved.

Housing Affordability

Given that housing is the largest cost for most households and particularly for poor people and people with modest incomes, improving housing affordability is one of the most effective ways of reducing poverty and the risk of people falling into poverty.

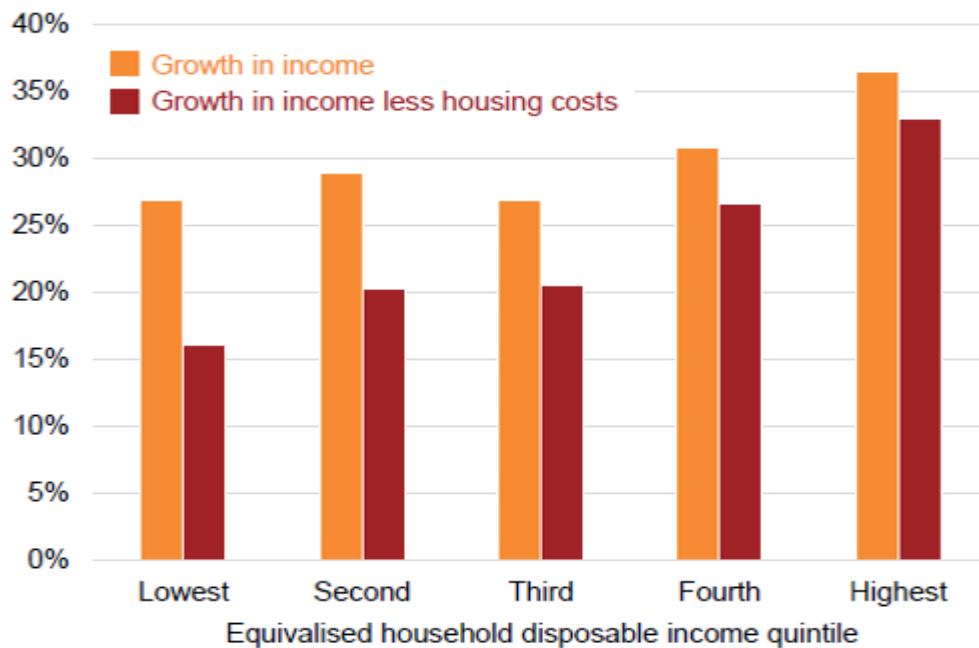
The following draws heavily on the recent Grattan Institute report, “Housing affordability: re-imagining the Australian dream”¹⁷ by John Daley and Brendan Coates.

Historically, South Australia has been very effective in reducing income poverty through a strong commitment to worker housing as embodied in the South Australian Housing Trust, which was widely regarded as a world leading public housing authority. It was extremely effective in providing affordable housing to enable workers to maintain a decent quality of life while receiving lower wages than interstate counterparts, thereby enabling South Australia to compete economically with the eastern states. The public housing model that had worked so well for 50 years, was challenged from the 1980s by private developers who argued that government was “crowding out” the rental housing market. Predictably, the retreat of government from the provision of public housing has generally not been met by private housing market investors, who prefer to invest in higher income-generating rental properties.

Figure 16 shows the change in real equivalised household disposable income between 2003-4 and 2015-6, showing impacts of including and excluding housing cost increases. This figure reinforces the observation that housing costs have been a considerable burden on low and modest income households and have increased poverty levels as housing affordability declines.

¹⁷ <https://grattan.edu.au/report/housing-affordability-re-imagining-the-australian-dream/>

Housing cost impact on income growth.



Notes: Housing costs include rents for renters and repayments on loans for owners with mortgages. Growth in income excluding housing costs calculated by subtracting growth in housing costs from growth in disposable income. Income quintiles are calculated using household disposable income, equivalised by family size. Bottom two income percentiles are removed. 2003-04 equivalised household disposable income data from ABS (2017n, Table 1).

Sources: Grattan Institute analysis of ABS (2017f) and ABS (2008); ABS (2017n).

Figure 16, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

Ratio of median house price to median gross household income, 2001 -16

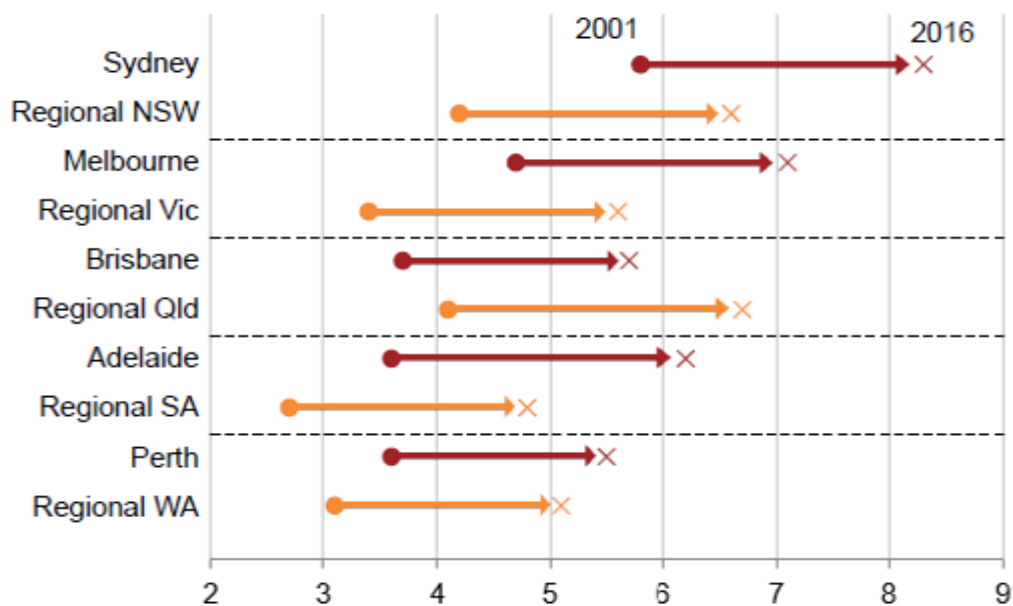


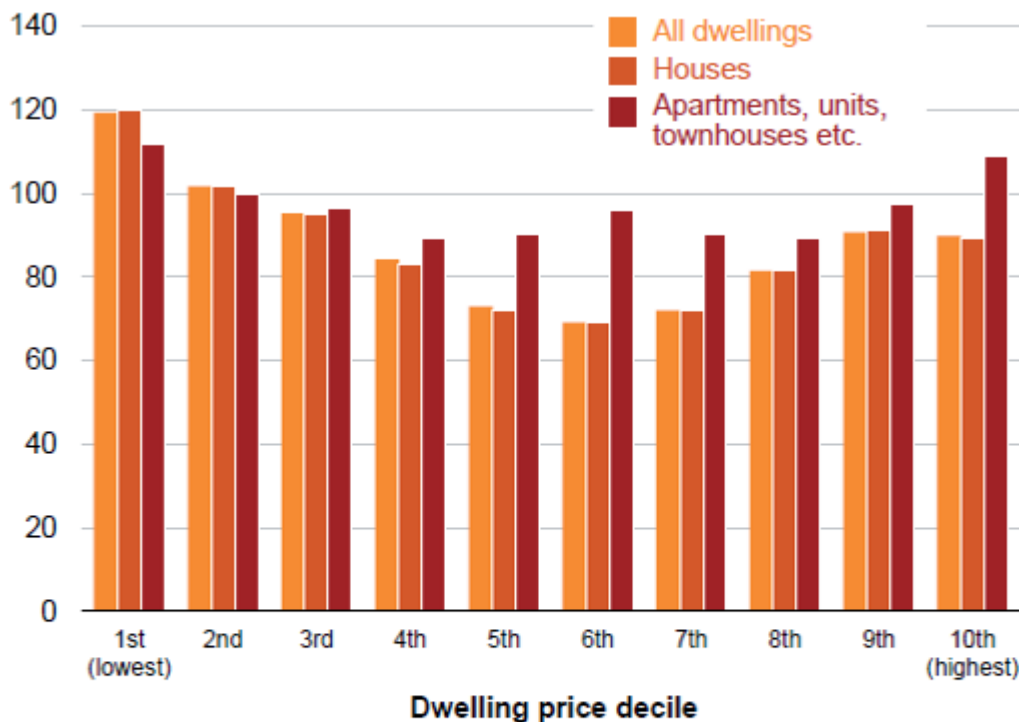
Figure 17, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

Figure 17 shows that the ratio of median house price to median income (median gross household income) has increased significantly for all region of Australia in the 15 years to 2016, the relative cost of housing has increased significantly in capital cities and regions across Australia. Adelaide prices have increased at almost the same rate as Melbourne and at a greater rates than Brisbane and Perth in the 15 years to 2016. The price increases are substantial, for Adelaide. The median dwelling price to median gross household income ratio has nearly doubled from about 3.5 to 6 in just 15 years.

The data in the figure 18 shows that lower cost accommodation prices have increased at a faster rate than more expensive dwellings in the 12 years to 2016. We suggest that this corresponds, in part, with the withdrawal of public housing authorities from the provision of public housing.

For would-be purchasers of housing, the repayment periods are extending, making it harder to pay off a home despite lower interest rates over recent years. This is because loans are larger - because houses are more expensive, and wages are growing more slowly.

Percentage change in housing prices (nominal), by price decile, 2003-4 to 2015-6



Notes: Only includes owners (with and without mortgage). Owner's estimated sale price if dwelling sold tomorrow. Average dwelling price in each decile. 'Apartments, townhouses etc..' includes semi-detached houses, row or terrace houses, townhouses, flats, units and apartments.

Source: Grattan analysis of ABS (2017f) and ABS (2008).

Figure 18, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

Renters

Uniting Communities is particularly concerned about people who are renters in the private market because these people are generally the poorest people in our community. Almost everybody experiencing poverty will be a renter, and the majority will be people renting in the private market.

Percentage of renters and homeowners facing at least one financial stress, 2015-16

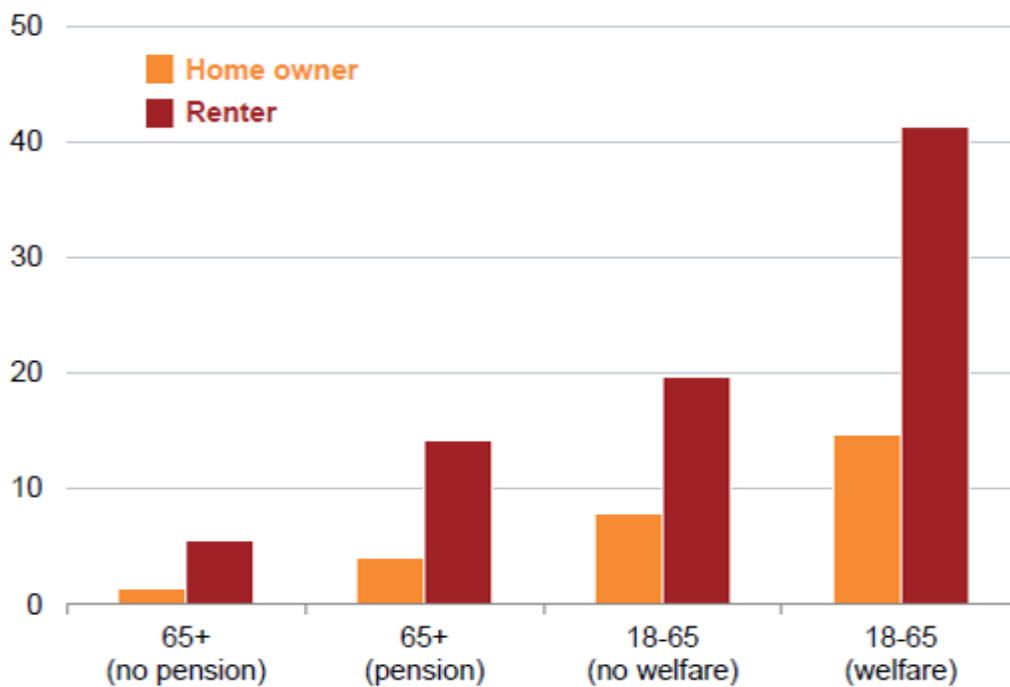


Figure 19, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

The above graph shows that renters are significantly more likely to be experiencing financial stress than homeowners (using the ABS financial stress measures)

Percentage change in nominal rent, 2003-4 to 2013-4, by private rental decile

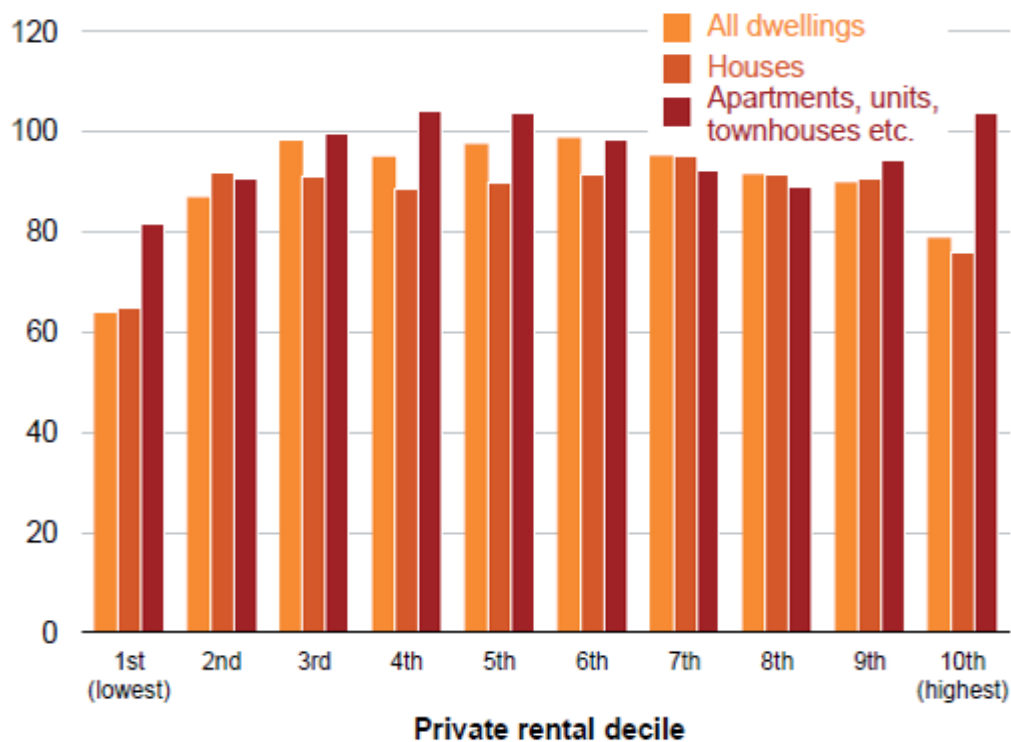
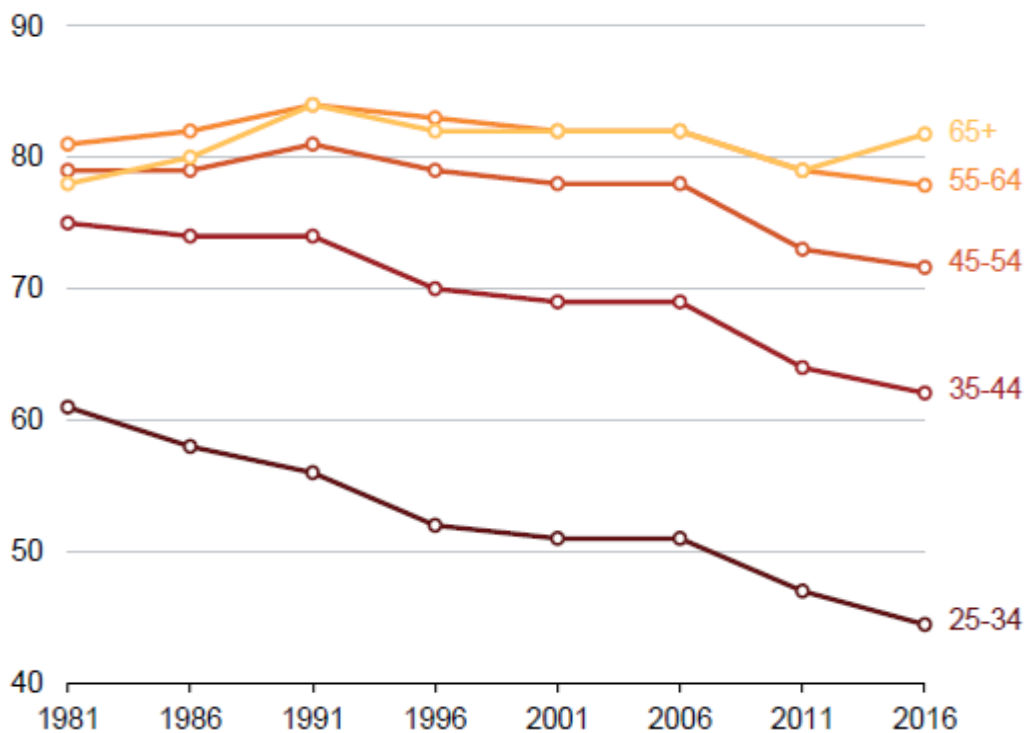


Figure 20, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

This graph shows that rents for cheaper housing increased more than rents for more expensive housing in the decade to 2014, further highlighting the housing dilemmas for lower income renters.

While costs for lower income renters have been rising significantly, there has been a reduction in the quantities of public housing available for rent or rental purchase. Some public housing stock has been transferred to community housing agencies, but these bodies have been unable to meet the demand for affordable housing.

Percentage of home ownership by age cohort



Notes: Per cent of occupied private dwellings. Household age group according to age of household reference person. Excludes households with tenure type not stated.

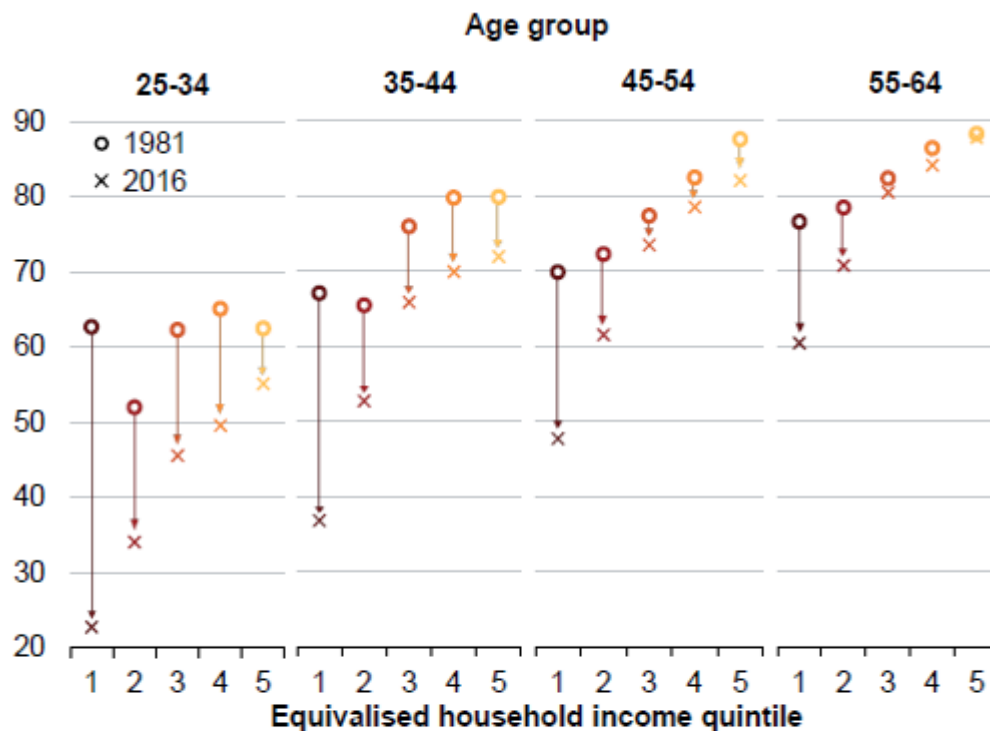
Sources: Yates (2015b) and ABS (2016b); Grattan analysis.

Figure 21, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

Figure 21 shows that home ownership rates have been falling for most age groups, but particularly the traditional household formation age group of 15 to 34 years of age. The reduction in the 35 years since 1981, has also been most dramatic for this age group. Reduction in home ownership has also been significant for the 35 to 44 age group, traditionally families of young and school-aged children. Declining home ownership amongst young households and families with young children can reduce social cohesion as renters generally move more frequently than homeowners, which can make community connections harder to develop and maintain. Declining home ownership also impacts significantly on wealth. In general, the longer people are renting, the less capacity they have to develop their own wealth holdings and the more they are contributing to the wealth of others. This can contribute to a growing wealth divide, which can also increase rates of poverty over time.

Figure 22 shows that home ownership is falling particularly quickly for lower income earners, in all age cohorts, but particularly for younger households. In 35 years, home ownership amongst the poorest quintile in the 25 to 34 age group has collapsed from over 60% home ownership to nearly 20%; this acts as a significant contributor to the growing poverty levels amongst single young people.

Home ownership rates by age and income, 1981 - 2016



Notes: Updates Burke et al. (2014) using ABS Census special request data. Household incomes based on Census data are approximate, and so small changes in ownership rates may not be significant. Excludes households with tenancy not stated (for 2016) and incomes not stated.

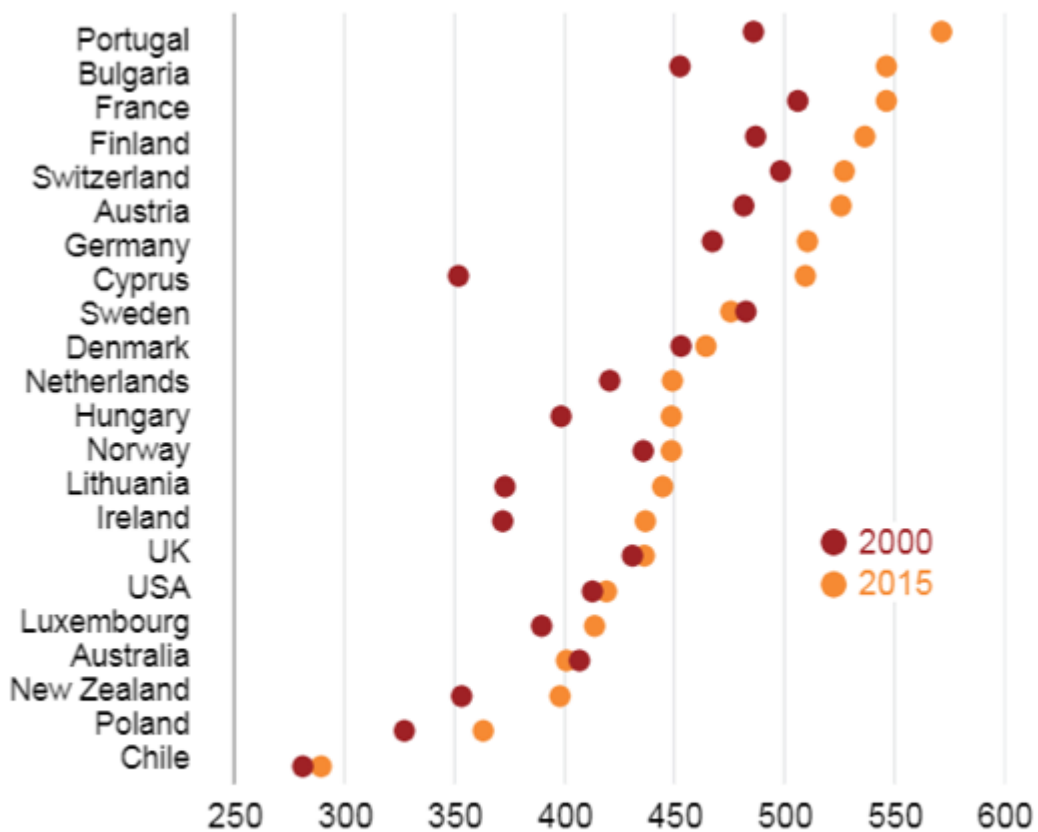
Sources: Grattan analysis of Burke et al. (2014) and ABS (2016b).

Figure 22, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

Figure 23 shows that Australia has a small housing stock relative to population, compared to other OECD nations, with Australia and Sweden being the only nations where the housing stock to population ratio has fallen since the year 2000.

Australia, including South Australia, has an undersupply of housing and, in particular, an undersupply of affordable housing, which is contributing to a substantial financial burden on low and modest income households and making entry to the housing market particularly difficult for younger people, both singles and people in household formation. Only Australia and Sweden have had a reduction in dwellings per 1000 people from 2000 to 2015.

Dwellings per 1,000 people



Note: Data for 2000 and 2015, or closest year.

Source: OECD (2017a).

Figure 23, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

What can be done?

One of the most urgent tasks for this Inquiry is to identify actions that can improve housing affordability and in particular to reduce housing and associated costs for people in poverty or at risk of poverty.

We suggest the following actions as immediate and medium term impact responses that can be undertaken.

Action 1. Affordable Housing Foundation

Action is needed to leverage capital to make housing more affordable.

Uniting Communities believes that housing affordability in South Australia should be addressed in 2 main ways.

1. Improving support services for people needing 'public housing'
2. Increasing the number of affordable dwellings for both purchase and rent.

Affordable Housing Foundation

To increase the number of affordable housing dwellings, we propose the formation of a New State Affordable Housing Foundation. Key aspects of this Foundation include:

- No net cost to the SA Government bottom line, except for modest initial establishment costs
- Capital for the Foundation to be borrowed on global capital markets and underwritten by State Government to obtain preferential government interest rates.
- Housing to be constructed for lower to middle income households, particular focused on first home buyers, and families with children.
- Housing developed on a rental – purchase basis. Initial sales then generate capital for subsequent construction. Moratorium on sales of properties of 5 years. (To reduce the risk of speculators pushing up prices)
- Costs to be kept lower than current market prices through use of a small number of sound and practical designs, with construction tendered to enable competitive construction prices, at scale.

How would the AHF operate?

The Affordable Housing Foundation would be managed by an independent Board. It would most likely be established as a not for profit company limited. Governance would be based on a statutory board with representatives from Government, industry, local government, the community sector and private individuals with specialist expertise.

Borrowing for housing design and construction would be underwritten by the State Government to enable the AHF to borrow funds more cheaply than would be otherwise possible

A small number of standard designs would be developed and then tendered to the private sector to construct.

Construction would be dispersed across geographical areas to avoid concentrating low income households together.

Houses would be bought on a “rental purchase” basis with sale funds reinvested in further construction through the AHF.

The State Government could also make some pockets of surplus land available to the AHF.

Where possible, construction would take place near potential employment centres and transport routes to avoid “locational disadvantage”.

The State Government would fund the initial establishment of an office and small staff unit.

The Foundation would work closely with professional and industry bodies as well as academics to promote innovative design with focus on efficient use of utilities, to avoid utility ‘bill shock’ and maximising cost efficiency for construction costs.

Action 2. Photo-voltaics (PV) for renters

The poorest people in South Australia are generally renters in the private sector. One of the significant financial pressures that these households experience is rising energy costs, with minimal capacity to respond.

One response for households is to install solar PV, but there is a “split incentive” which means that there is no opportunity for this response by lower income renters because while the renter derives the ongoing benefit of lower bills from PV it is the landlord bears all the upfront capital costs.

An SA Government investment of \$2M pa would support 1,000 landlords with a \$2,000 contribution to a 4.4kW PV system. This could be part of the commitment from the \$100 million “household battery program.”

The landlord receives a State \$2,000 towards a 4.4kW PV system. In addition, they would recover costs through rent and the option of what we are calling a ‘PV rent’ from their tenant of up to \$20 per fortnight. The landlord would commit to no increase in the base rent to cover the system during this time.

The low income tenant agrees to pay up to a \$20 per fortnight as ‘PV rent’ to assist in offsetting the cost of installation and receives the benefits of lower energy bills from their retailer.

Action 3. Improving Energy efficiency of existing housing

Much of the housing that is available to low income people has very poor thermal quality, meaning that renters spend more than they should have to in order to keep warm in winter and cool enough in summer.

Improving energy efficiency of the housing used by poor people would both reduce their energy costs and improve their health.

We recommend that the existing Residential Energy Efficiency Scheme (REES) be revamped and augmented to be a partnership between government and energy companies with the primary objective of improving energy efficiency of the housing stock used by low income people.

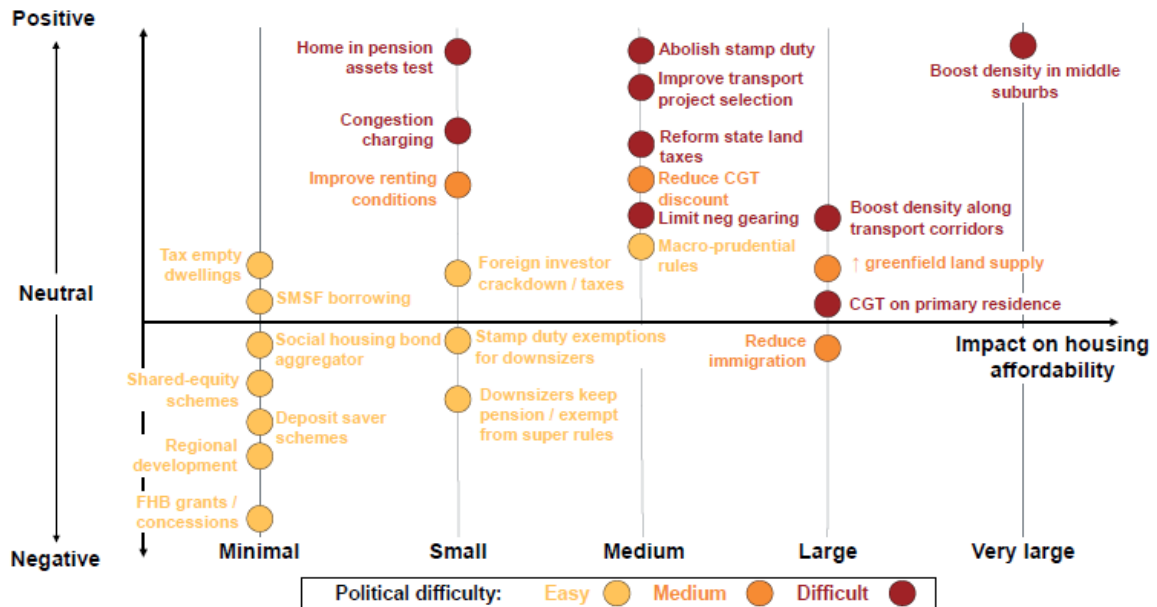
Action 4. Improving energy efficiency of new housing

Energy efficiency standards need to be upgraded for all new residential housing construction in South Australia. This will reduce future energy costs for the people living in these dwellings and will reduce the need for future augmentation of the electricity distribution network.

New housing developments in the Ginninderry district of the ACT are required to be as energy-efficient as is practical and must include solar PV, a heat pump for hot water, insulation and orientation to optimise energy efficiency for the dwellings. The longer term, environmental and energy efficiency of the development has been required by the ACT government and is a good example of longer term thinking that will reduce future costs for residents and lower greenhouse emissions.

We also draw the Inquiry’s attention to this policy map developed by the Grattan Institute showing housing policy options, with the most effective policies being those in the top right hand corner of this table.

Figure 5.2: Only some policies will actually improve housing affordability, and these are politically difficult
Summary of economic, budgetary, and social impacts



Notes: Prospective policies are evaluated on whether they would improve access to more-affordable housing for the community overall, assuming no other policy changes. Assessment of measures that boost households' purchasing power includes impact on overall house prices. Our estimates of the economic, budgetary or social impacts should not be treated with spurious precision. For many of these effects there is no common metric, and their relative importance depends on the weighting of different political values. Consequently our assessments are generally directional and aim to foster a more informed discussion.
Source: Grattan analysis.

Figure 24, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

Boosting density and middle suburbs is rated as the most impactful and effective policy option, along with transport orientated developments and state tax reform to abolish stamp duties and reform state land taxes.

The following recommendations are proposed regarding housing and affordability.

Recommendation:

That the SA government supports the establishment of an “Affordable Housing Foundation” based on Friendly Societies / Building Societies models, to provide cost effective affordable housing on a rental purchase basis. The Government’s role being to:

- Provide start-up funding to establish the community based “Foundation”
- Underwrite capital raising to minimise financing costs

Recommendation:

That the SA Government implement a “PV for private renter scheme” by providing a modest subsidy (\$2000 per property proposed) to landlords owning properties likely to be tenanted to low income people, so that benefits of lower electricity bills can be shared, with significant savings to low income tenants.

Recommendation:

That the Residential Energy Efficiency Scheme (REES) be revamped and augmented to be a partnership between government and energy companies with the primary objective of improving energy efficiency of the housing stock used by lowest income people. That energy efficiency standards to be upgraded for all new residential housing construction in South Australia.

Homelessness and older women at risk

Last year, the Human Rights Commission said, “The risk of homelessness for single, older women is becoming a significant problem. In 2016 the Women's Property Initiative revealed that 34 per cent of single women over 60 live in permanent income poverty and by age 65, women retire with about one third of the superannuation that men accumulate. It takes older job seekers longer to get back into the workforce, so single, older women who do not own a home are likely to deplete their meagre superannuation and/or other savings, paying high rents, while they search for work. Groups other than single, older women are usually given priority for public or community housing, and boarding houses are seen as unsafe for single women.”¹⁸

Uniting Communities shares this concern with observations that growing numbers of older women are experiencing considerable financial stress, often due to domestic violence, but also due to much lower superannuation savings than men and greater financial vulnerability. These women have very limited opportunities to gain employment that can generate some degree of financial security while enabling them to meet current living costs.

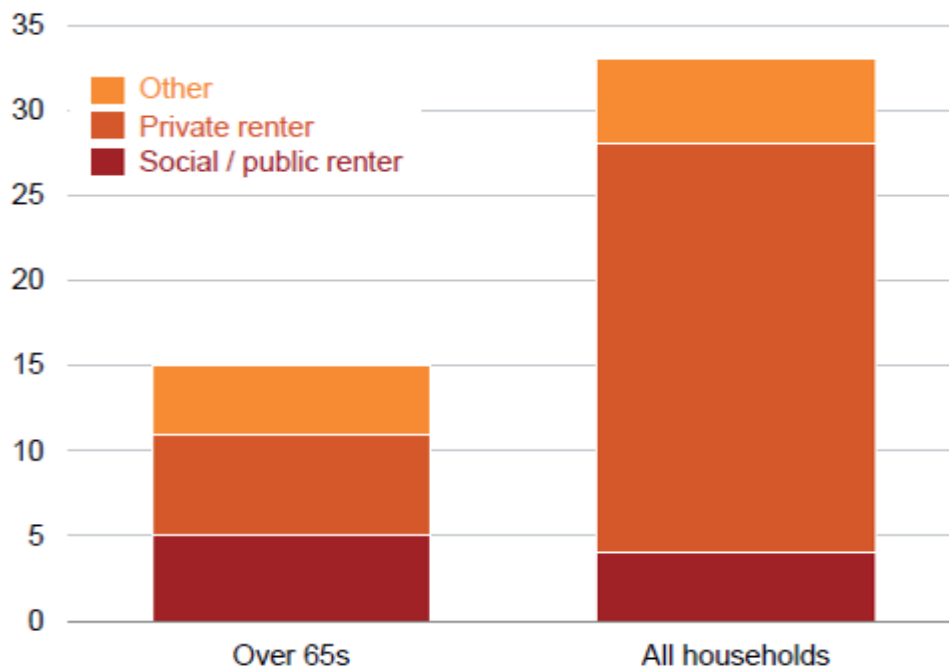
The aged pension was not intended to be able to meet rental or mortgage costs because it was designed with the expectation that retirees would own their own home.

We are aware of work by Shelter SA which shows that many people are retiring, due to inability to obtain work, with large mortgages still to pay off.

The data in figure 25 suggests that retirees are more likely to live in private rental housing in the future.

¹⁸ <https://www.humanrights.gov.au/our-work/age-discrimination/projects/risk-homelessness-older-women>

Renter as % of the Population, 2013-14

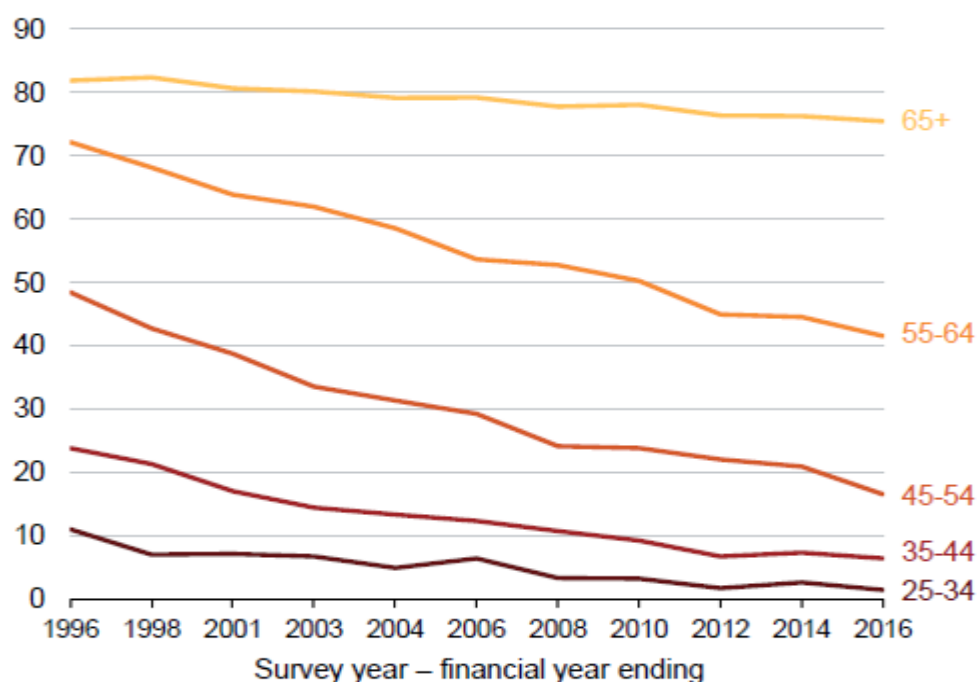


Sources: Yates (2016) and ABS (2015b).

Figure 25, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

The following graph, figure 26 shows a declining rate of home ownership for all age groups, from 1996. While the rate of reduction is lowest for the over 65 age group, the decline is dramatic for the 55 to 64 age group. Given labour market vulnerability for this group, it is likely that a number of people in this cohort will move into retirement without owning their own home.

Percentage of people owning their own home outright, by age cohort, 1996 - 2016



Notes: by age of household reference person. Chart shows data from all available surveys. Data for 65+ for 2005-06, 2007-08, 2009-10, 2011-12 is estimated using population shares of five-year age groups due to lack of data.

Source: ABS (2007), ABS (2011c), ABS (2013b) and ABS (2015d).

Figure 26, Source: Grattan Institute, Housing affordability: re-imagining the Australian dream

The problem of declining home ownership amongst older people will impact single women most dramatically

InDaily reported the following in a recent article, 24 July 2018:

‘Older, single women most vulnerable

Older women are most vulnerable to falling out of home ownership and into the cut-throat rental market, or homelessness, experts say.

A recent survey of more than 4000 Australian workers conducted by the Australian Services Union found that the median superannuation balance for women immediately before retirement was less than \$80,000, which is estimated to fund less than three years of retirement.

Men fared slightly better, with an average superannuation balance estimated to fund five and a half years of retirement.

There are a number of “key life triggers” such as job loss, divorce, and illness that cause older Australians to “tumble out of home ownership”, according to Curtin University housing and population ageing expert Rachel Ong.

Unlike younger people who are better able to bounce back from “adverse life events”, older people “find it very difficult to make their way back into home ownership”, Professor Ong said.’

It is essential that this Inquiry addressed the emerging needs of older women in particular, and retirees with continuing mortgages or living in rental accommodation.

Recommendation:

That a separate review be established as an outcome of this Inquiry that will bring together State government, superannuation funds, financial institutions and community organisations with a strong focus on supporting older people, to develop a South Australia strategy to support older women at risk of homelessness.

Homelessness

Uniting Communities provides a range of services for people who are homeless or at risk of homelessness, the Homelessness Gateway Service is the entry point for assistance for many of these people. The most pressing issue that they confront is the need for support for many women and children that have experienced Family and Domestic Violence (FADV).

Housing affordability is now the leading cause of Homelessness in South Australia with FADV now in second position.

FADV clients make up 30% of referrals into the Generic Homelessness sector. In the last financial year the After Hours FADV Gateway/ Homelessness Gateway supported 903 women and 825 children (up to 18yrs old) to leave a domestically violent relationship.

These (above) numbers do not include women who have recently left a property due to FADV and chosen stay with family/friend for short time before deciding to access support. In these instances the woman enters the system as Homeless and are not referred to the specialist FADV sector. The apparent rationale is the woman is no longer deemed at imminent risk from partner by FADV services. Women entering the system this way often do not receive the same level of brokerage support / FADV counselling support as those women who enter via FADV sector pathway.

If the woman is at imminent risk HGS –After Hours FADV crisis line will support this woman to leave their partner /property these woman are at times linked with FADV After Houses Motel support worker. These women will usually end up in FADV accommodation (including motel) with the hope that at some point securing some form of long term affordable housing either in Community, Public Housing or the Private rental space.

The difficulties that arise in the above situations are:

- Most women are unable to afford suitable private rental accommodation due to the low rate of their Centrelink payments
- Some families end up staying in motel accommodation for months. This is extremely stressful in more than one way. Women are expected to live day to day in these

conditions not knowing from one day to the next if they will have a roof over their heads the following night

- It is also an expensive way for woman and children to survive as most of this accommodation does not have the provision for storage of food or cooking facilities. Many women will then choose to return to abusive relationship due to the stress and expense. By doing this they then also put themselves at risk of losing their children due to child protection investigations, often to the perpetrator as he has been able to maintain the home
- Women who may still be receiving a parenting payment are also struggling to afford current private rental rates. If they do somehow find accommodation they can afford. As soon as their payment changes from Parenting Payment to Newstart the women then discover that they can no longer maintain their current accommodation. At this point many women often choose to remain with / or return to their abusive partners. The flow on effects of women not being able leave abusive relationships due to the low rates of Centrelink payments puts both the woman and her children at risk of serious harm both mentally and physically
- Women and children who find themselves in these situations are disadvantaged in many other areas of their lives due to being homeless. Children may miss quite a bit of school as they move from school to school. Women are unable to secure work due to not having a permanent fixed address. Their Mental Health is compromised. Due to stigma they often lose contact with friends/supports. These families are still required to meet appointment obligations etc. while trying to cope with the fact they are not able to return home. If they do not meet these requirements there are often negative consequences.

Young People are also disadvantaged due to receiving the lowest Centrelink payment rate. Young people are forced to share properties more often than not with undesirable landlords. Some young woman being forced into performing sexual favours in place of money for their share of rent.

A high percentage of homeless youth have guardianship backgrounds.

Everyone deserves to be safe and have a place to call their own. Why should peoples only options be to share with others. This may work for some, but many of our clients have underlying Mental Health and or AOD issues, sharing a property is out of the question for them. These are the people who walk / or sleep in our streets every night.

The only way forward is to build more Public Housing as there is a greater prospect of these vulnerable people being housed rather than in Community based or private rental arrangements.

Recommendation:

That women who have left a property due to Family and Domestic Violence (FADV) and have chosen stay with family/friend for short time before deciding to access support, must also be referred to the specialist FADV sector to receive the same level of brokerage support / FADV counselling support as those women who enter immediately via FADV sector pathway.

Recommendation:

That the number of publicly owned and maintained dwellings is increased for families who have to relocate for FADV reasons, including in regional locations

Indigenous Communities

Housing and homelessness

Compared with Indigenous people/households living in non-remote areas, Indigenous people/households in remote and very remote areas are:

- 2.7 times as likely to live in overcrowded dwellings
- 2.5 times as likely to live in social housing
- 1.9 times as likely to live in a house that does not meet acceptable standards
- half as likely to own their own home.

Decent housing is acknowledged as a key social-determinant of improved health and wellbeing, and is a fundamental building block for reducing poverty and closing the gap.

Both the Mullighan and Nyland Commissions of Inquiry highlighted that inadequate and overcrowded housing was an indicator of poverty and that it heightened the possibility of children being unsafe, and of children being unable to get a good night's sleep and being ready for school the next day; thereby impacting on their learning and development.

The Commonwealth Government's 10 year National Partnership Agreement on Remote Housing (NPARH) came to an end in June 2018 and no further funding for remote housing has yet been negotiated between the State and Federal Government. The lack of funding for remote housing will further compound the existing levels of poverty in communities.

Under this National Remote Housing Agreement, the Commonwealth Government nationally allocated a total amount of about \$776 million each year. South Australia has been getting about \$25 million each year for remote housing.

Numerous research studies, including the Commonwealth's own *Review of the Remote Indigenous Housing Program* and those conducted by the Australian Housing and Urban Research Institute (AHURI), provide extensive evidence that we still have a long way to go. The *Remote Housing Review* identified a range of persistent issues that still need to be addressed in order to reduce the continuing unacceptable level of overcrowding and to sustain improvements in housing quality for Aboriginal and Torres Strait Islander families.

Recommendation:

That the South Australia Government lobby the Federal Government to negotiate ongoing funding for remote housing, more so in light of the expiry of the National Partnership Agreement on Remote Housing (NPARH) in June 2018.

Income management

Compulsory income management has been applied in a range of sites across Australia¹⁹ to ostensibly address concerns about child protection, alcohol and other drugs, and gambling, through the control of people's finances and income support payment. Instead of addressing these social concerns, income management has served to further push people into poverty and the margins of society.

Compulsory income management arrangements are currently operational in these areas of South Australia:

- The Cashless Debit Card (CDC), in Ceduna and the surrounding communities of Koonibba, Scotdesco, Yalata and Oak Valley.
- Other forms of income management, such as the Basics Card are implemented in Greater Adelaide, Playford and the Anangu Pitjantjatjara Yankunytjatjara Lands.

As highlighted in the Australian National Audit Office's recent report on the evaluation of the Cashless Debit Card²⁰, as well as numerous other detailed research reports and submissions, the CDC and other compulsory income management programs have not addressed their primary objectives (reducing the social harms of drugs, alcohol and gambling) but have led to entrenching poverty and disadvantage.

Uniting Communities has engaged with community members and leaders, many of whom spoke about the damaging effects of the Cashless Card on people living in and around Ceduna²¹:

*"The Card has made things harder. A lot of people in Ceduna have been through trauma, grief and loss - they've already been through a lot. Being on the Card just makes their lives that much harder."*²²

Ceduna cardholders identified an increase in the prevalence of domestic violence and intervention orders²³:

¹⁹ <https://data.gov.au/dataset/income-management-summary-data/resource/986ef7fe-1ba8-460e-b1c4-2cf00145a948>

²⁰ https://www.anao.gov.au/sites/g/files/net4981f/Auditor-General_Report_2018-2019_1.pdf

²¹ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf>

²² <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf>

²³ http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issues_1_2017_0.pdf 4

“It’s causing tensions in relationships. There’s a young girl on the card and because she didn’t give cash to her partner, he beat her up. The DV stats are up since the card.”²⁴

Rather than the punitive Card, people experiencing poverty or on income support need access to job opportunities and comprehensive wrap-around services including mental health programs, youth programs, financial counselling, domestic violence services.

Compulsory income management and poverty premiums

SACOSS uses the term ‘poverty premiums’²⁵ to refer to the extra costs accruing to people living on a low income. Not having enough money results in extra cost burdens. People on low incomes have costs that others with more money and resources can buy their way out of, avoid or minimise (SACOSS).

‘If you’ve got cash you can make better choices and get second-hand things instead of brand-new expensive things. We used to be able to save more money when we had more cash and could buy more cheaply.’

‘My relative has a disability and is on the DSP. He rents a room in someone’s house and before he was put on the Card, it was easy for him to pay cash rent for his accommodation. With the limit on his Card, he wasn’t able to pay his rent in cash. This made life more difficult for him.’²⁶

Uniting Communities believes that compulsory income management should not be considered for application in South Australian communities, as it entrenches disadvantage for persons experiencing or at risk of poverty, and does not address the drivers of social inequality and marginalisation. In particular, the CDC in Ceduna and surrounding areas exemplifies how an intervention introduced to supposedly improve outcomes for disadvantaged Australians has instead exposed them to further financial and social hardship, and entrenches inequality and compounds their already difficult experience of living in poverty.

²⁴ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf>

²⁵ <https://www.sacoss.org.au/sites/default/files/public/documents/Reports/APW%20Statements/A-P%20Week%20Statement%202017%20-%20FINAL.pdf> p2

²⁶ <https://www.unitingcommunities.org/wp-content/uploads/2017/10/Uniting-Communities-submission-to-Senate-Inquiry-into-Cashless-Debit-Card.pdf>

We advocate for greater funding support for comprehensive social services including financial counselling, alcohol and other drug and gambling support services, family and child support, and for culturally safe approaches to social support for Aboriginal and Torres Strait Islander South Australians. These services have been identified as priorities by community members in Ceduna and the surrounding area during the ORIMA Research evaluation of the CDC trial²⁷.

Recommendations:

- That the SA Government works with the Commonwealth Government so that compulsory income management, whether in the form of the Basics Card or Cashless Debit Card, should not be applied in South Australia, as it entrenches disadvantage for persons experiencing or at risk of poverty, and does not address the drivers of social inequality and marginalisation.
- That greater funding be allocated to support for comprehensive social services including financial counselling, alcohol and other drug and gambling support services, family and child support, and for culturally safe approaches to social support for Aboriginal and Torres Strait Islander South Australians.

The Community Development Program (CDP) – entrenches poverty

The Federal Government’s work-for-the-dole Community Development Program (CDP), applied across remote communities, is a punitive program which has demonstrated very few positive results and has served to exacerbate and entrench levels of poverty.

The CDP and its associated Centrelink mechanisms are premised on the existence of a labour market in remote communities, or at least on the existence of a sufficient number of jobs for wages. In the absence of such a market and given the casualised and precarious nature of those jobs that do exist, the foundations of the CDP rest on very shaky ground and have resulted in its failure. If there are few or no jobs, there will be joblessness – the causal link is not a mystery and is plain to see.

This CDP makes us crazy! They tell us that to get CDP money we must have jobs or do some kind of work, but there are no jobs, there is no work. So, what are we supposed to do? – APY resident and CDP recipient

There is little evidence to suggest that the CDP is providing a long-term solution to joblessness in remote communities or helping people to move out of poverty.

The CDP is essentially a punitive model that involves penalties for non-compliance. The penalties for non-compliance based on the ‘no work, no pay’ policy or for failing to report to Centrelink, can lead to a suspension of benefits for up to eight weeks. In the last financial year, 20,000 of the 35,000 CDP participants were fined; of these 90 per cent were First Nations people. The enforcement of penalties has pushed many families into severe poverty, more

²⁷ http://caepr.cass.anu.edu.au/sites/default/files/docs/CAEPR_Topical_Issues_1_2017_0.pdf

especially when they are penalised by not accessing any income support for up to eight weeks at a time.

Even in the absence of penalties, CDP payments equate to poverty wages and are not enough to live on. There are reports of people going hungry and being unable to feed their children.

People are locking canned foods in crates and putting them under their beds or hiding them because other community members are coming in and going through their fridges and cupboards and taking food out of desperation. People are going hungry. One member of the family has to stay home and guard the food so that there's something to feed the kids when they get home from school. You won't believe how desperate this CDP is making people - **APY resident on CDP**

Recommendation:

That the SA Government works with the Commonwealth Government to revamp its work-for-the-dole Community Development Program (CDP) as applied across remote communities so that:

- Unemployment and joblessness in remote communities is to be addressed as an employment issue rather than as a social welfare issue.
- Job opportunities are to be maximised through the existing service providers, in order to enable job seekers to engage in real work with award wages based on proper conditions of employment.
- The needs and objectives as defined by communities should determine meaningful and productive local work initiatives. It is proposed that such an arrangement would be managed by community-based providers who would be accountable to their respective communities and the relevant funding agency.
- For those who are unable, for whatever reason, to secure the available jobs, they should have access to an adequately resourced social security safety net.
- The design and implementation of any new arrangement must involve direct collaboration with and input from remote Aboriginal and Torres Strait Islander communities and their organisations.

Cost of living pressures and the inadequacy of income support payments

There are many cost of living pressures that particularly impact on the poorest people in our society. The single measure that would make the most difference would be for an increase in the Newstart allowance rate with associated increases in other benefits received by low income and disadvantaged people. The Antipoverty Network has focused on this issue in their submission and we support their comments.

The economics of increasing income support for the poorest members of our society is important since so often the media commentary represents increases in payments as a net drain on government finances. However, the economic consequences of increased spending capacity by poor people is rarely discussed. The reality is that every cent of benefit payments is spent on food, housing and local services, meaning that local economies receive a significant cash injection and importantly the economic multiplier plays out as the extra money spent by benefit recipients is turned over again and again in the local and regional economies. So the economic benefit to South Australian regions and the State in general from a significant, real increase in benefit payments would be substantial and of course GST revenues would increase as a consequence of increased economic activity and local turnover.

While Social Security payments are a Commonwealth matter, the State government can be active in encouraging increases in new start and associated benefits through COAG and other Commonwealth / State processes.

Recommendation:

That the SA Government actively encourage the Federal government to increase Newstart payments and related benefits.

Streamlining Concessions

As a matter of urgency South Australian concession arrangements should be streamlined to enhance accessibility and effectiveness of concessions. For example:

- For a person to receive transport concessions in South Australia, they need to hold a current South Australian Transport Concession Card, whereas interstate the Commonwealth issued Health Care Card is adequate for a transport concession to apply. The same identification requirements should apply in SA, holding a current Health care card should entitle the holder to receive the transport concession. We also note that substantial fines can be levied for travelling on a concession ticket without an SA transport Concession Card.
- Recipients of energy concessions who change retailers are required to wait until they receive a full bill from their new retailers, then apply for the energy concession and then wait for the concession to be re-applied. So it can take six months to receive an energy concession that a person is already receiving, prior to switching. Interstate energy customers are not required to re-apply since the concession is linked to the account holder, not the energy retailer.

Recommendation:

That the oversight of South Australian concessions be streamlined and that the South Australia and transport concession card be scrapped with eligibility for transport concession given to people who hold a Health Care Card.

Recommendation:

That SA energy concessions be applied to the bill payer, through their NMI (National Metering Identifier), with concessions claimed directly by the relevant retailers. This process applies interstate and is more efficient and timely than the South Australian approach.

Education, Skills and Labour Market

Creating strong links between employers and people entering the labour market is a crucial part of generating employment opportunities, it is even more critically important for people who are living in poverty.

TAFE Course fees

The New Roads group who's input is provided earlier in this submission, highlighted that TAFE fees, particularly up-front fees are a major disincentive to study. They said "provide Free education in particular for people attending TAFE courses, where fees are requested to be paid up front. This is a huge disadvantage for people who wish to access education whilst on Centrelink payments and their options to go on and reach their full potential in life."

Recommendation:

That TAFE fees be abolished for people undertaking employment focussed courses and receiving a Centrelink payment.

Future of Work

While stable employment with fair wages remains one of the most successful means of elevating individuals and communities from poverty, the future of work is very uncertain. There is a growing literature about this question, with few answers. Uniting Communities certainly does not claim to know how best to proceed, but recognises the gravity of the issue for the State overall and for poor and vulnerable people, now and certainly in the future.. The fundamental importance of open, shared and informed debate about the question is also recognised . We recommend that the SA Government commit to the development and implementation of a "Future Work strategy for South Australia" that will lead and encourage community and industry wide debate about likely and desirable employment futures, actively consider likely changes for the future of work, employment opportunities from new jobs, industry restructure and regional development to assist with a transition to an uncertain future world of work and most importantly strategies to ensure the poorest people and their communities are best supported to make anticipated adjustments.

Recommendation:

That the SA Government commit to the development and implementation of a "Future Work strategy for South Australia" that will lead and encourage community and industry wide debate about likely and desirable employment futures, actively consider likely changes for the future

of work, employment opportunities from new jobs, industry restructure and regional development to assist with transition to “future work.”

Dental Health

For many years Uniting Communities has played an active role in encouraging better access to dental health care for low income people, driven through our financial counselling service.

Nationally, dental decay is the third highest cause of potentially preventable hospitalisations while in South Australia dental problems are the most common potentially preventable condition for hospitalisation.²⁸

Low income and disadvantaged people rarely are unable to afford health insurance and rarely visit a dentist, due to cost as well as other factors. Very few Uniting Communities support service clients would ever visit a dentist, even for acute needs. So prevention focussed visits are exceedingly uncommon.

We recognise that South Australia performs well on dental health benchmarking with interstate and overseas services, with the State government’s Dental Health services providing a range of acute and preventative services. However, many poor people are still not being treated.

The SA Oral Health Plan is currently being reviewed and we encourage the Inquiry to encourage the Plan to have a specific focus on increasing access to and uptake of dental health services by low income and disadvantaged people.

Recommendation:

That the new SA Oral Health Plan explicitly include a strategy to increase access to and uptake of dental health services by low income and disadvantaged people.

Gambling

Gambling continues to be a harmful activity that causes considerable harm, particularly for lowest income households as they seek to escape from the harsh realities of their lives. The graph below shows that gambling taxes, as a proxy for spending, are highest for the poorest quintile of the income distribution. Problem gambling, particularly on poker machines continues to exacerbate poverty and disadvantage with the Productivity Commission in 2010 reporting that about 40% of revenue comes from people exhibiting problem gambling behaviours. A more recent study, published by the Victorian Responsible Gambling Foundation²⁹ shows that we now have clear evidence that a majority of the total adverse impact of gambling is experienced by people rated by current ‘screens’ as ‘low risk’ gamblers. This is not to deny the massive impacts experienced by people who register as high and moderate risk on current gambling harm ‘screens’, but it does highlight that to focus public

²⁸ National Oral Health Plan 2015-2024 Healthy Mouths, Healthy Lives, Australian Government

²⁹ “Assessing gambling-related harm;” Matthew Browne, Erika Langham, Vijay Rawat, Nancy Greer, En Li, Judy Rose, Matthew Rockloff, Phillip Donaldson, Hannah Thorne, Belinda Goodwin, Gabrielle Bryden, Talitha Best, 13 Apr 2016

policy and programs predominantly on people who have a major gambling problem, ignores the considerable harm that occurs for people who are ignored by current practice and policy, namely gamblers who are rated as being 'low risk.'

About half of all gambling harm accrues to 'low risk' gambling.

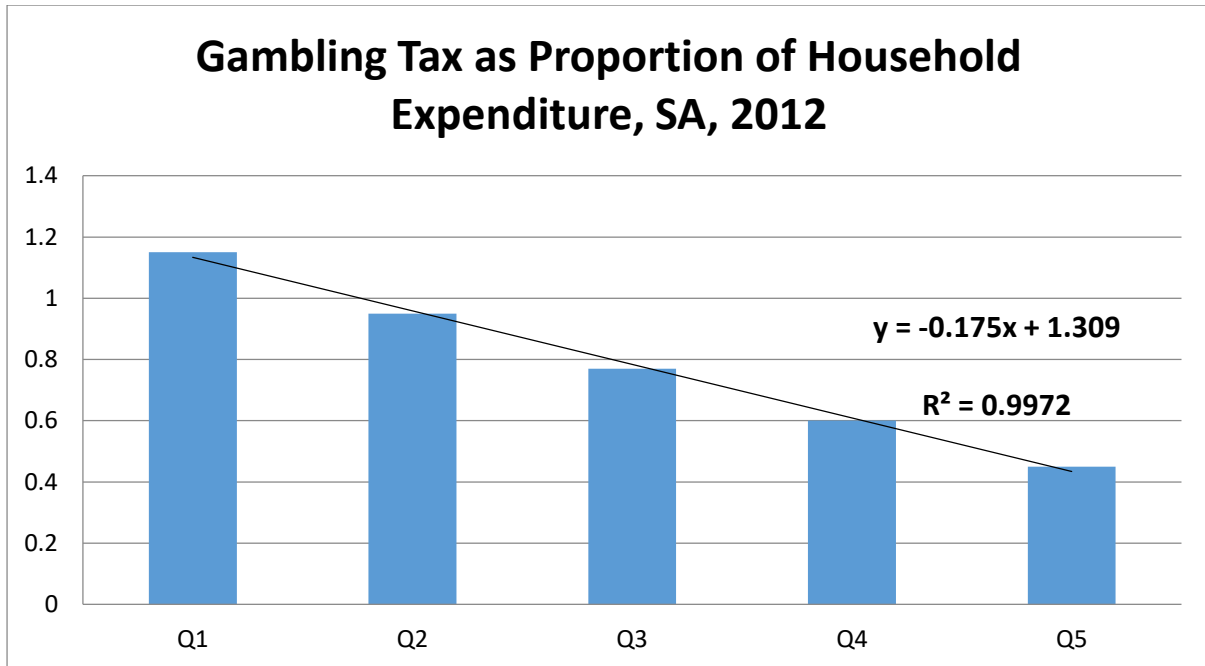


Figure 27, Source: NATSEM for SA Government, 2015

While the risk of online gambling is emerging and significant, the reality is that poker machines still account for a vast majority of gambling harm. So the priority recommendation to reduce gambling harm is for the SA government to implement a \$1 per spin bet limit on all poker machines in SA, as recommended by the Productivity Commission in 2010. Note that this was a core recommendation of the Productivity Commission's more recent report on gambling. This measure will not impact in recreation gamblers who rarely play 'maximum lines, maximum credits' but it will help to reduce the impacts for people with gambling addictions.

We also note that the State has yet to reduce the total poker machine numbers in South Australia the 2004 Legislated by the SA in Parliament of 12,000 machines. Immediate action needs to be taken to achieve this cap, and we suggest, subsequently lower the cap, in particular by establishing regional caps in EGM numbers based on an EGM / local population ratio.

Recommendation:

That the SA government implement a \$1 per spin bet limit on all poker machines in SA, as recommended by the Productivity Commission in 2010.

State Taxation and Fees

Taxation is crucial consideration in considerations of welfare and disadvantage because taxation is the principal means for generating income required to provide the services and supports needed to provide assistance. Taxation also enables governments to provide the range of universal services and infrastructure that a society requires and also is a means of providing incentives for desirable actions (eg employment creation) and disincentive for harmful activities (eg using tobacco and gambling).

Uniting communities understands that there are separate processes to consider State taxation processes, able to make a couple of comments with specific regard to impacts on poor and disadvantaged people.

The following principles are understood to be central to a good tax system:

- **Adequacy:** Taxation needs to generate the revenue require to efficiently provide the services that communities expect from their governments.
- **Fairness / Equity:** horizontal and vertical.
 - Horizontal: taxpayers in similar circumstances should bear a similar tax burden.
 - Vertical equity: taxpayers in better circumstances should bear a larger part of the tax burden as a proportion of their income, (progressive).
- **Neutrality:** Taxation should seek to be neutral and equitable between forms of business activities.
- **Efficiency:** Compliance costs to business and administration costs for governments should be minimised as far as possible.
- **Certainty and simplicity:** Tax rules should be clear and simple to understand.
- **Flexibility:** Taxation systems should be flexible and dynamic enough to ensure they keep pace with change.
-

The Economist magazine in a recent feature on taxation globally, said the following;

“All countries should tax both property and inheritance more. These taxes are unpopular but mostly efficient. In a world where property ownership brings windfalls that persist across generations, such taxes are desirable. A conservative first step would be to rol back recnet cuts to inheritance tax. A more radical approach would be to introduce a land-value tax, the most efficient of all property taxes.³⁰”

Regrettably in Australia, the historical development of our tax system means that State taxes generally are more regressive of the tax lexicon, as shown in the graph below that was produced by NATSEM for the South Australian government.

³⁰ Stuck in the past, The Economist, August 11th 2018

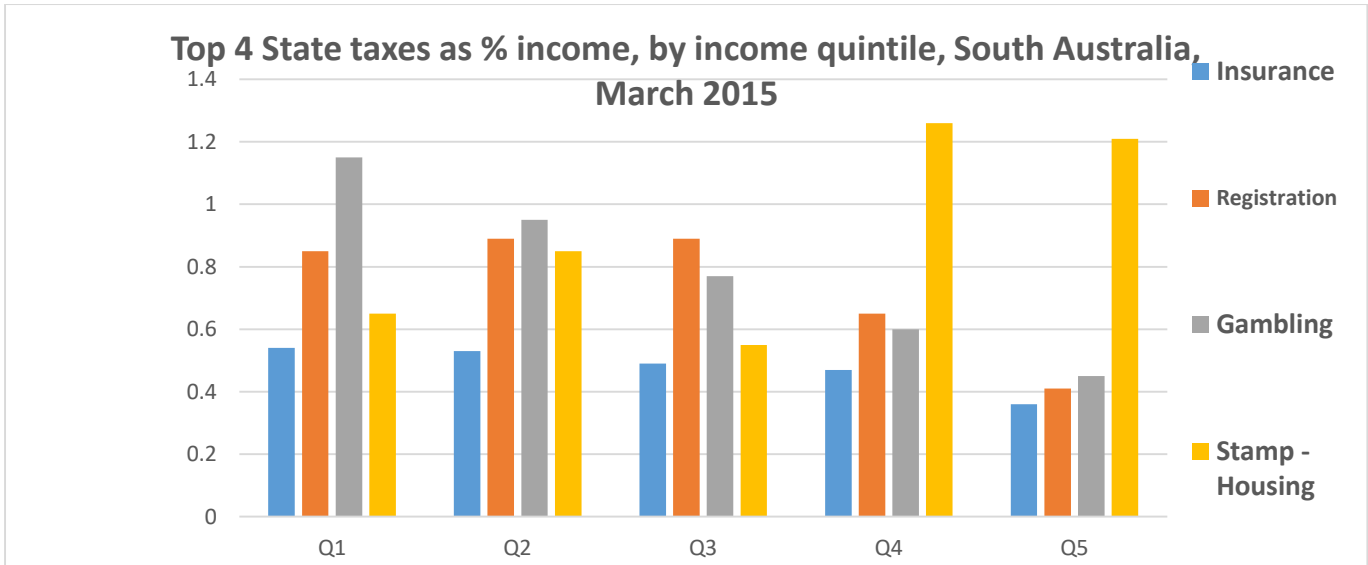


Figure 28, Source: NATSEM for SA Government, 2015

From this chart it is evident that gambling and insurance charges are regressive with registration being modern regressive and stamp duty on housing being moderately progressive, though impacts on households and the poorest to quintiles greater than impacts for middle income households - the third quintile.

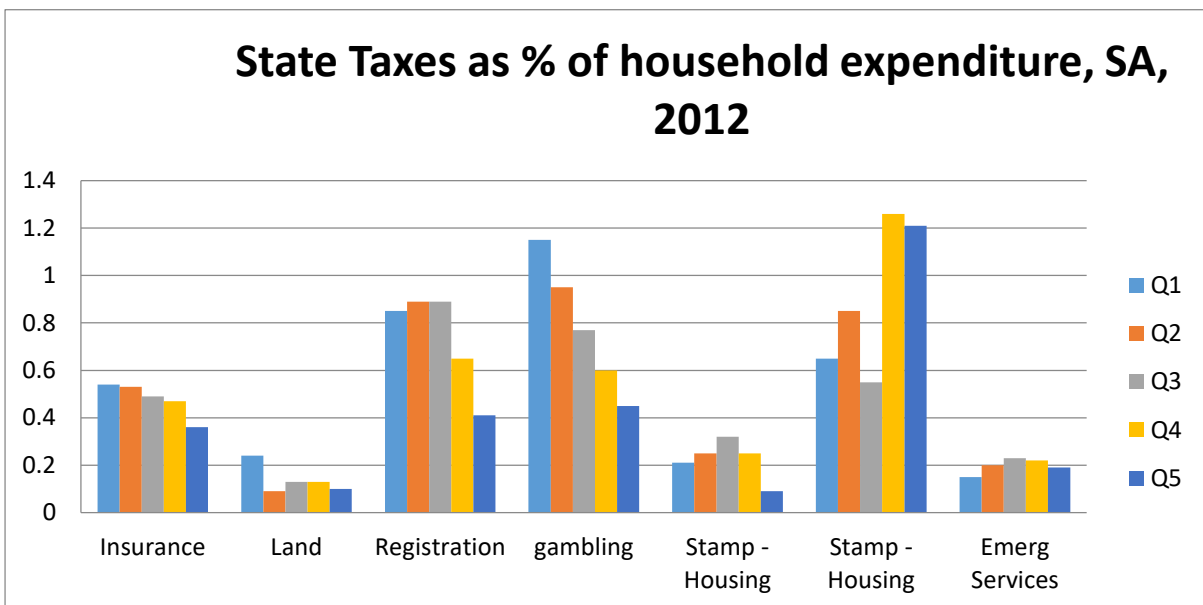


Figure 29, Source NATSEM for SA Government, 2015

The data in figure 29 clearly shows that people in poorest quintiles pay proportionally more in State taxation for insurance charges, land taxes, registration fees and gambling in particular. Property value based t duties are the only significant state level tax that tends to be progressive with the incidence of emergency services levy being greatest on middle income quintiles.

We recognise the difficulties in developing a more progressive tax base, particularly for an Australian state government, but believe this continues to be an important challenge. One of the most effective ways of increasing the progressivity of State taxation would be to slowly transition to an annual property based land tax, in place of lump sum stamp duties charged when properties are sold. The difficulty of doing this is understood.

A more progressive tax measure that could be implemented to reduce reliance on more regressive measures is to introduce a modest levy (for example 0.5%) on probate for estates with total value over say \$2 million, indexed annually.

There is also considerable merit in reviewing all state fees and charges to identify opportunities to develop State government charges that are more proportional to a person's income, so that people pay a similar value for similar service.

The practical measure that can be implemented more immediately is to move to a fines system that is income based, so that poor people are not levied with fines that they cannot afford which then attract late fees and subsequent charges which mean that a minor offence can become a major burden for a poor household.

Recommendation:

That State fines are transitioned to a basis whereby fines are income based.

Recommendation:

That the SA government initiate discussion with businesses and the SA community about opportunities to move the tax base to being more progressive.

Conclusions

This Inquiry provides an excellent opportunity to recognise the reality of poverty for too many South Australians and to realise that the slow and steady increase in poverty and vulnerability for South Australians means that a "business as usual" approach cannot be justified.

There are many aspects to poverty, we have touched on some of them and are committed to playing whatever role we can in addressing the factors that contribute to poverty.

We've suggested a range of recommendations which fall under two broad categories, longer term strategies that are based on building collaboration across all sectors of South Australian society that seeks to build consensus about solutions and a shared commitment for action.

There is also a number of more immediate recommendations that can be implemented promptly to reduce aspects of poverty. In putting this submission together the situation of the increasing numbers of older women being vulnerable continued to emerge and we suggest is an area for some immediate responses as well as further investigation and response planning.

Housing affordability continues to be a significant contributor to poverty and risk of poverty and a couple of our priority recommendations relate to improving housing affordability. Firstly we propose a scheme which can be part of existing Government commitments that will provide an incentive to encourage landlords to install solar PV systems so that low income private

sector tenants can significantly reduce electricity bills. We also propose the establishment of an Affordable Housing Foundation to assist with financing and construction of decent affordable housing for rental-purchase.

We remain deeply committed to improving outcomes for the most vulnerable members of our society, children. A commitment is sought to reintroducing an Early Intervention and Prevention Bill aimed at committing future governments to investment in child wellbeing and to setting a target for the reduction of the number of children entering and remaining in care in South Australia.

Uniting Communities look forward to actively supporting this enquiry and into playing a role in implementing outcomes, both for immediate impact and for the longer term improvement of South Australian communities.

Contact

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