Poverty in New South Wales

Any one of us is just one step away

Council of Social Service of New South Wales
Anti-Poverty Week Statement 2014

ncoss.org.au
Poverty affects nearly nine hundred thousand people in New South Wales – more than in any other state or territory. The rate of poverty in NSW is 14.6% - also among the highest of any state or territory, and well above the national average. In addition to the hundreds of thousands of people living in poverty in NSW, a further 7% are near, or at risk of poverty.¹

What is Anti-Poverty Week?

Anti-Poverty Week is a week where all Australians are encouraged to organise or take part in an activity aiming to highlight or overcome issues of poverty and hardship here in Australia or overseas. It was established in Australia as an expansion of the UN’s annual International Anti-Poverty Day on October 17. In 2014 Anti-Poverty Week will be held from the 12th to the 18th of October.

This year, NCOSS has released this report to highlight that all of us – along with our family, friends, neighbours and communities – are just one step away from poverty or disadvantage, and reinforce that everyone in society benefits when we reduce inequality.

What is poverty?

The Organisation for Economic Cooperation and Development (OECD) defines the poverty line as “an income level that is considered minimally sufficient to sustain a family in terms of food, housing, clothing, medical needs, and so on”, or 50% of the median disposable household income. Whether or not people living in a household are experiencing poverty depends on their income, the number of people living in the household and the age of the people living in the household. But poverty and disadvantage are not just about a lack of money. They are critical drivers that limit a person’s life chances and inhibit their opportunity to participate fully in the economic, cultural and social aspects of our community. Poverty and disadvantage are a drag on productivity and economic performance, and ultimately impact on the wellbeing of everyone in society.

More people are experiencing poverty as the cost of living rises

While the rising cost-of-living is of concern to many households in NSW and Australia, it impacts differently and more sharply on low-income households. Low-income households spend a far greater proportion of their weekly budget on essential items such as housing and utility bills: commodities that have risen at a much faster rate than CPI over the last ten years.² Yet unlike higher income earners, increases in the wages of those on low or fixed incomes have not kept pace with escalating costs. At the same time, there has been a relative decline in the value of many of the concessions designed to assist people on low-incomes to access essential goods and services.
Households who spend most – or even all – of their weekly budget on essential items cannot compensate for increases in the cost of living by changing their spending patterns. Instead, they face increasingly difficult decisions about what is more essential – food, a school excursion, or a trip to the doctor?

Low-income households are not all the same, and characteristics such as age, illness, disability, housing tenure, and number of children vary across households and impact differently on the weekly budget and the cost pressures facing households on low or fixed incomes. People who are renting for example, are particularly exposed to increases in the cost of both housing and energy, which for people living with chronic illness rapid increases in the cost of health care are of major concern.

We all need a place to call home

The shortage of affordable housing is a significant contributor to poverty in NSW. While in most other states and territories poverty is higher in rural and regional areas, it is higher in Sydney than in country NSW, due to very high housing costs. Sydney has the highest incidence of poverty of any capital city by a very wide margin (15% compared to 13.8% nationally).

In 2009-10, the last year for which robust data is available, 47.6% of low income households in NSW were in rental stress, compared to the national figure of 41.7%. NSW has both the highest rate of low income households in rental stress in a capital city and the highest rate in the rest of the state.

Households in rental stress

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NSW had 28,190 people counted as homeless and a further 26,927 living in marginal housing an increase of 27% and 31% since the 2006 Census. Homelessness causes devastating personal harm, including making people (particularly children) sick, causing isolation and negatively impacting on mental health and wellbeing. Homelessness also impacts on society by creating inequality and depriving people of opportunity; and through increased costs to the government, including in the health and justice systems and foregone tax revenue.

Where you live affects your life chances

Far too many people in NSW live in disadvantaged communities, characterised by low levels of employment and skills, low educational attainment, run down housing and infrastructure, high levels of crime, poor health and difficulties in attracting and retaining businesses. Living in certain locations can also compound disadvantage and social exclusion. Concentrations of disadvantage reduce private sector activity, raise prices for people experiencing poverty, and limit job networks and employment. In these areas schools struggle to educate overwhelmingly disadvantaged populations, disadvantaged neighbourhoods stimulate higher levels of crime and disorder and area based deprivation exacerbates health inequalities.

Poverty in rural and regional parts of the state has a particular set of characteristics, including generally lower incomes, reduced access to services such as health, education and transport, declining employment opportunities and the tyranny of distance and isolation.
Being unable to get from A to B limits your ability to get a job or education

Transport disadvantage can limit opportunities for education and employment, inhibit access to health and other services, and lead to social exclusion. Different groups experience transport disadvantage for different reasons: for some, transport may be unaffordable; while for others it is physically inaccessible. And in locations with limited transport options, transport disadvantage is much more likely to occur.

For people on low incomes, the cost of both public and private transport can be prohibitive. Almost one in ten people in the bottom twenty percent of income earners report that they cannot, or often have difficulty, getting to the places they need to go, a rate more than seven times higher than the top twenty percent of income earners.12

The cost of owning and running a car disproportionately impacts the weekly budgets of people with low incomes. Yet although car ownership is expensive, many people with low incomes cannot afford to live close to public transport and have no choice but to own one. The cost of public transport can also be problematic, particularly for those people on low incomes for those who are not entitled to a concession fare.

Demand for the services vulnerable people rely on continues to rise

Non-government, not-for-profit community service organisations operating in NSW are major providers of supports to people experiencing poverty and disadvantage. These organisations provide high quality support to people experiencing homelessness, children and families, women experiencing domestic and family violence, people with disability, older people, and a range of other vulnerable people. Despite their outstanding work, demand continues to outstrip supply, and the twin challenges of entrenched poverty and lack of resources to deliver services means that people are too often turned away from getting the help they need.

ACOSS 2013 Community Sector Survey identified that nationally, up to one in five people seeking support from some services were turned away from getting the help they need from non-government, not-for-profit community service organisations. Legal Services, Youth Services and Housing and Homelessness services reported the highest turn away rates, highlighting significant unmet need in these critical areas of support.

Jane works four days a week as a trainee in Lismore while studying part-time at TAFE. She isn’t eligible for a concession, so the bus fare from her home town of Coraki costs almost $10 each way. The local bus operator doesn’t offer discounts – such as a travel ten – for frequent travel, so over the course of a week Jane regularly spends more than $100 on public transport – more than one fifth her weekly income.
Who is experiencing poverty in NSW today?
People who are unemployed are significantly more likely to experience poverty

Employment can be an important pathway out of poverty. But in NSW, almost 224,900 people are currently without work and are actively seeking employment\[i\], while a further 305,400 people are underemployed – that is, they would prefer more to be working more hours\[ii\]. And we know that unemployment in NSW is largely driven by a lack of jobs, with 4.3 jobseekers for every vacancy.

Unemployment is more common amongst young people, affecting 11.8% of young people age between 15 and 24 in NSW\[iii\] compared with a total unemployment rate of 5.7%. Unemployment rates also vary markedly by region. New England and North West, for example, has the highest unemployment rate at 9.2%, followed by Murray at 8.3% and the Central Coast at 7.9%. In Sydney, those regions with the highest unemployment rates are the South West at 7.6%, Parramatta at 7.5%, and Blacktown at 7.0%\[iv\]. In contrast, only 2.7% of people in Sydney’s Northern Beaches are unemployed.

People who are unemployed face a far higher risk of poverty – in part due to the inadequacy of the Newstart Allowance. Long-term unemployment is of particular concern as it increases the risk of economic hardship and can make it harder to gain employment.

In addition to experiencing financial disadvantage, people who are unemployed miss out on the networks and social interactions that employment can offer. The problems associated with unemployment not only affect individuals, but also their families, and can contribute to intergenerational disadvantage.

Almost half of people with disability live at or near the poverty line

People with disability experience disproportionate poverty. There are approximately 870,000 people with disability living in NSW, 44% of whom are at or near the poverty line\[v\] largely because of their weaker employment prospects. In 2009 only 54% people with disabilities were employed, compared with 83% of people without disability\[vi\].

People with disability are also significantly less likely to access or be included in mainstream services and systems. Although the introduction of the National Disability Insurance Scheme (NDIS) will offset some of the costs of disability, by providing funds for supports to enable people with disability to go about their day-to-day lives, it will not guarantee access to mainstream services.

Over the last 12-18 months, the most common issues that advocacy agencies in NSW assisted people with disability with were: housing & accommodation, service delivery, legal issues, and finances (in that order). Independent advocacy, independent information and representation are essential to achieving inclusion because they actively support people with disability to address barriers, understand their options and improve access.

Shouldn’t older people have a right to a secure future as they age?

The NSW population is ageing, with the NSW Treasury expecting the over-65 population of NSW to increase from just over 1 million (or 14.1 per cent of the total) in 2010 to nearly 2.6 million (over 23 per cent of the total population) by 2051. Most older people rely on government income support as their main source of income. Although most
“Throughout my life I have earned so much less than my male counter parts. Not only did superannuation not exist in its present form in the first two decades of my working life, but also when I took time out from the work force, I was not earning nor accumulating any super funds. As a single woman with little savings, the ability to purchase a house was beyond me. As soon as I reached 60, my last employer unexpectedly terminated my employment. I fought back to no avail unfortunately. I would love to find work but it seems in spite of the fact I’m trained, qualified and very experienced, potential employers are reluctant to consider mature applicants. I can’t afford to pursue further education to increase employment and pay prospects. So in my senior years I have no savings, very little super and trying to survive on the Newstart allowance, which is not keeping up with the cost of living. I have no real family and have been renting in the private market which has become exorbitant. As 85% of my benefit goes into accommodation there is not much left for utilities and the basic necessities of life. Though I have never drunk or taken recreational drugs, my physical health is compromised by my genetic legacy and now the situation is also affecting my mental health. I worry constantly that I could be homeless soon and in danger on the streets”. - Kali

older people own their own homes, more older people are experiencing housing crisis due to financial pressures in later life, mostly through rents increasing beyond their means.22 There is some evidence that older women are more at risk of homelessness than older men because of life circumstances that predispose women to experiencing poverty in later life.23

Aboriginal peoples continue to feel the ongoing effects of colonisation

Aboriginal peoples are the first inhabitants, and custodians, of the oldest living cultures in New South Wales. Today, around 170,000 Aboriginal people live here – more than any other state.

While Aboriginal people continue to have a strong connection to community, culture and land, they continue to experience the detrimental impacts of colonisation, resulting in Aboriginal people experiencing poverty, homelessness, poor health and education outcomes, overrepresentation in the criminal justice child protection systems, and limited access to employment to a greater extent than non-Aboriginal people.24 Aboriginal and Torres Strait Islander children in NSW are also much more likely to die, experience violence and homelessness than non-Aboriginal children.25
Domestic and Family Violence is a significant risk factor for disadvantage

Domestic and family violence (DFV) and intimate partner violence (IPV) are the most common forms of violence against women, and have significant individual and social costs. Exposure to domestic violence is a risk factor for homelessness, mental health problems and juvenile offending [all key drivers of poverty], and almost 600 people have died in the past decade due to domestic violence.

Violence not only impacts the women experiencing it but has life-long lasting effect on their children. Growing up in an environment where you are exposed to violence can profoundly impact a child’s capacity for healthy future relationships, emotional wellbeing, education and engagement with work and community and is also closely linked to intergenerational cycles of violence.

No child living in poverty?

Children under the age of 15 are more likely to experience poverty than any other age group, and more than 17% of Australian children are experiencing poverty today26. We also know that a great start in life is critical for every child’s future success.

Unfortunately, too many children in New South Wales still fall through the cracks, and early childhood education remains unaffordable for many families. Despite recent progress and investment, not all children can access early childhood education in the two years before school, and New South Wales families face some of the highest fees in the country. We also know that too many children are in out of home care and Aboriginal children are overrepresented in the statutory child protection system.
“I don’t think society understands the insidious cycle created by having mental illness and living on the lowest of incomes. Every day is spent working out what bill must be paid and which can wait. It is mentally draining and all consuming, exacerbating my symptoms.

For me, low income means being acutely aware of what is in other people’s shopping trolleys. I’m in awe when I see trolleys stacked with meat and brand products. Luxury items to us.

We can’t afford what we need, let alone what we want and I’m aware of constantly having to say no to my children. How would people feel if people with cancer were having to choose food over health care and treatment? Living this way is not acceptable for anyone – even someone with mental illness.” - Kylie

Around one million people in NSW are experiencing mental ill health today

Around one million people in NSW have a mental illness; yet only 350,000 people actually receive assistance. We also know that people with lived experience of mental illness experience higher rates of poverty than other Australians, with the majority of people with mental illness living on below average incomes, and one-third surviving on less than $20,000 a year.

There is a strong relationship between poor mental health and socio-economic disadvantage. Structural inequalities in access to education, work and income, housing, health and other services are major factors contributing to high poverty rates for people with mental health issues. Socio-economic pressures such as poverty are also recognised risk factors contributing to poor mental health.

People with a mental illness experience higher rates of homelessness, higher rates of unemployment, and are often forced to choose between medical treatment and putting food on the table. These factors not only affect their risk of poverty, but also their recovery.
“In a more unequal society, even the middle class on good incomes are likely to be less healthy, less likely to be involved in community life, more likely to be obese, and more likely to be victims of violence. Similarly, their children are likely to do less well at school, are more likely to use drugs and more likely to become teenage parents.” – Professor Richard Wilkinson, Professor Emeritus of Social Epidemiology at the University of Nottingham

Ending poverty in New South Wales means everyone in society benefits

We are all just one step away from poverty or disadvantage. Any one of us, or our friends and family, could experience a physical or mental illness, get injured, lose our job or our life savings, experience domestic violence, or no longer be able to afford a basic standard of living.

But we also know that addressing poverty in New South Wales benefits everyone in society – not just the most disadvantaged. Societies with less inequality and lower rates of poverty have better health and social outcomes for everyone, and a better quality of life for all.

Who is NC OSS?

The Council of Social Service of New South Wales (NC OSS) is the peak body for the social and community services sector in New South Wales. NC OSS works with our membership, on behalf of people experiencing poverty and disadvantage, towards achieving social justice in NSW.
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