



Homelessness and Poverty



While there are many different ideas about what constitutes poverty in Australia, most definitions share some basic elements. There is considerable debate within Australia about whether or not the Henderson Poverty Line is still an accurate measure of what constitutes the threshold below which a person or family unit can be said to be living in poverty. The ABS uses a measure of half the median Australian income plus family payments to arrive at a figure at which a person would struggle to meet the cost of living. People live in poverty when they do not have enough resources to reliably meet their basic needs: food, housing, heating and health care among them. Poverty in an affluent country like Australia is relative – that is, basic needs and standard of living are socially defined based on community expectations and standards. People who live in poverty struggle to meet their physical needs (for example food and safe housing) and their social needs. These can include education, transport and the “extras” that many Australians take for granted: recreation, sporting activities and school excursions.

Who is affected by poverty?

Particular groups of people in Australian society are at higher risk of poverty. These groups include Aboriginal and Torres Strait Islander people, jobless people, renters, single parent families and older people. Of the poorest twenty percent of Australian households, almost 50% are headed by a single parent. Four out of five families from this poorest 20 percent of Australian families have a social security payment as their main source of income. For some individuals and families, poverty is now entrenched and intergenerational. The detrimental effects of growing up in poverty can be significant. For children it means missing out on the things that most kids take for granted, school excursions, new clothes, tickets to the movies and education essentials. For young people, it means growing up in an environment where joblessness is normal and workforce participation is an aspiration at best rather than the norm. Poverty is a cause of homelessness in Australia.

How many people live in poverty in Australia?

Income poverty lines are expressed as relative levels of income. The Melbourne Institute publishes quarterly data on approximate poverty lines in Australia. If a person or family's income falls below these poverty lines they are considered to be in poverty. In the March Quarter in 2011 the poverty line for a couple with two children was said to be \$562.49 per week while for a single person it was estimated at \$299.29 per week. For the “working poor”, the figures are \$646.60 and \$411.05 respectively. If we conservatively define the poverty line as 50 per cent of average disposable income, just over two million people - one in 10 Australians - lives in poverty today. A little over 400,000 of these are children. According to the Organisation for Economic Cooperation and Development, just over 12 per cent of Australia's children live in poverty. If we set the poverty line at 60 per cent of median income, an accepted formula in the United Kingdom and much of Europe, almost 20 per cent (19.4) of Australians live in poverty equating to more than 4 million people.

Housing and poverty

The cost of housing has a significant impact on poverty. Housing is the largest single expenditure item in the household budget for low and moderate income earners who, on average, allocate approximately 27% of their disposable income to servicing the cost of housing. Most people and households living in poverty are in rental accommodation. Across Australia rents have increased by an average of 45% since 2003 and in some areas by more than 70%. Since 2006 median weekly rents have consistently increased beyond the rate of CPI and the average 3 bedroom home in the private rental market in Sydney costs twice as much to rent as a person on Newstart Allowance receives each week. If we factor housing costs into our estimation of poverty (using the 50 per cent of average income formula), Australia's poverty rate increases to 18 per cent. Some 60% of people in housing stress in Australia are in the private rental market allocating more than 30% of their disposable income on rent. This equates to more than 650,000 people. This is one reason why people who rent are more vulnerable to poverty. More than one in four people who rent their house live in poverty after their housing costs have been factored in.

The Australian and State Governments provide assistance for people on low incomes to access affordable housing through the *National Affordable Housing Agreement* which includes funding for public housing the Community Housing Investment Program, Aboriginal Housing and additional assistance for Australians with limited means to access housing. Commonwealth Rent Assistance (CRA) is a supplementary Government payment provided to recipients of income support including Family Tax Benefit Part A to assist people to meet the costs of rental in community housing and the private rental market. Government expenditure on the CRA has increased by more than 100% over the past twenty-five years. The Commonwealth Government now allocates more money to the payment of CRA than it does to the maintenance of public housing. Despite this, more than one in three people who receive CRA still pay more than 30 percent of their income on rent and are

Homelessness and poverty

Housing stress and poverty can contribute to the reasons people become homeless. More than 40 percent of couples with children who seek help from a specialist homelessness service do so because of financial difficulty, eviction or the end of their previous accommodation. In nearly 20 percent of cases, financial difficulty is the primary reason men with children access homeless assistance services. One in three people request financial assistance or material aid from specialist homelessness services. More than three quarters of people supported by specialist homelessness services are on a government payment. More than fifteen percent only receive part of their government allowance due to debt. More than ten percent of people in specialist homelessness services have no source of income at all. A majority are either unemployed or unable to work both before (93%) and after (92.2%) seeking support from a homeless assistance service. However, when a person requests help to look for work from an assistance service, their likelihood of becoming employed doubles: employment rates for this group increased from 10.1 per cent (before seeking assistance) to 20.3 per cent after leaving the service in 2009/10.



Creating a framework for ending homelessness

Homelessness and Poverty



What can be done?

1. Ensure Australia's welfare system provides a living income for every citizen. Homelessness Australia recommends increasing non-Pension payments by \$45-\$50 per week and the maximum rate of rent assistance by 20% to ensure that Australians who are reliant on income support have a chance of accessing and maintaining rental properties.
2. We need to see sustained, on-going new investment in social housing so that it can provide the housing safety net that it should for Australians on very low incomes and people who are reliant on income support. More than 250,000 Australians are languishing on social housing waiting lists. This is a national scandal and it must be rectified. The expansion of the not-for-profit housing sector is a positive step but Homelessness Australia also believes that Government has a responsibility to increase expenditure on public housing for those who are not provided for by the housing market.
3. Business, government and communities can provide meaningful opportunities for people with experiences of homelessness to participate in economic and social life including through employment and vocational training.
4. Reducing poverty is everyone's responsibility. Governments must be encouraged to implement policies and strategies that reduce social inequality rather than allowing it to flourish. A national poverty action plan to take coordination action at all levels of Government to reduce poverty and social inequality and attack their root causes is long overdue.
5. People must be provided with increased opportunities for civic and economic participation, engagement with the labour force and social inclusion.
6. Major changes are needed to ensure that Australia's housing system rewards investment in affordable housing and increases housing supply. These could include; tax reform, improved planning arrangements and the removal of inefficient and wasteful housing subsidies that have served to inflate the cost of housing.

References

Australian Bureau of Statistics Household Expenditure Report 2011 ABS cat. no. 6530.0, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/6530.0main+features12009-10>

Australian Council of Social Service Poverty Fact Sheet, http://acoss.org.au/images/uploads/338__Poverty_Factsheet.pdf

Australian Council of Social Service 'Indicators of Inequality' Fact Sheet April 2011, http://acoss.org.au/images/uploads/ACOSS_Indicators_of_Inequality_Factsheet_April_2011.pdf

Chamberlain, Chris; MacKenzie David, Counting the Homeless 2006, ABS cat. No. 2050.0, [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/57393A13387C425DCA2574B900162DF0/\\$File/20500-2008Reissue.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/57393A13387C425DCA2574B900162DF0/$File/20500-2008Reissue.pdf)

FEANTSA Report: Homelessness, poverty, social exclusion, <http://www.feantsa.org/code/en/pg.asp?Page=1252>

Poverty Lines Australia ISSN 1448-0530 March Quarter 2011 Melbourne Institute of Applied Economic and Social Research, <http://melbourneinstitute.com/downloads/publications/Poverty%20Lines/Poverty%20lines%20Australia%20March%202011.pdf>

Poverty Line Update Brotherhood of St Laurence, Melbourne Australia, http://www.bsl.org.au/pdfs/poverty_line_update_Aug07.pdf

Productivity Commission Report on Government Services 2011, <http://www.pc.gov.au/gsp/reports/rogs/2011>

The Use of Government Funded Specialist Homelessness Services 2009/10 AIHW Canberra, <http://www.aihw.gov.au/publication->

