



Homelessness and Poverty

While there are many different ideas about what constitutes poverty in Australia, most definitions share some basic elements. 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: things like recreation, sporting activities and school excursions.

How many people live in poverty in Australia?

Income poverty lines are expressed as relative levels of income. If a person or family's income falls below the poverty line they are considered to be in poverty. 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, 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.

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, 48% 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.

Housing and poverty

The cost of housing has a significant impact on poverty. 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 15-16 per cent. 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 are factored in. NATSEM and the HIA estimate one in two rental households will experience housing stress (spending more than 30 per cent of their income on rent) by 2010. The Australian and State Governments provide assistance for people on low incomes to access affordable housing through the *National Affordable Housing Agreement*, which includes public housing, programs through the Homelessness White Paper and the National Rental Affordability Scheme. The 2009 Economic Stimulus Package invested more than \$5 billion for social housing construction and \$400 million for repairs by 2012, a record single investment. However, this historic investment takes place against the background of an almost 20 percent real term decrease in public housing funding over the last decade. Nationally, rental costs continue to increase dramatically. Commonwealth Rent Assistance (CRA) is a supplementary Government payment designed to make private rental more affordable for people on low incomes. Government expenditure on the CRA has increased by almost 10 percent in the last decade. One in three people who receive CRA still pay more than 30 percent of their income on rent and are defined as being in housing stress.

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 homeless assistance 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 homeless assistance services. More than eight out of 10 people in homeless assistance services are on a government payment. Seventeen percent only receive part of their government allowance due to debt. Nine percent of people in homeless assistance services have no source of income at all. A majority are either unemployed or unable to work both before (90.8%) and after (89%) 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 10.3 per cent (before seeking assistance) to 21.9 per cent after leaving the service in 2006-2007.

What can be done?

1. Ensure Australia's welfare system provides a living income for every citizen.
2. Understand that homelessness is frequently a consequence and an expression of chronic poverty.
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 employment training.

Creating a framework for ending homelessness



networking



Dedicated team



events



diversity



policy



large audience



issues



services

Homelessness Australia
Contact: Aileen Solowiej

T 02 6247 7744
E media@homelessnessaustralia.org.au
MB 0405 385 431
www.homelessnessaustralia.org.au



advocacy