

# Senate committee finds four million Australians living in poverty

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As many as 4.1 million Australians—22.6 percent of the population—are living in poverty, according to a Senate report on poverty released last month. The publication, which is the first official investigation into poverty in Australia since 1975, details an unprecedented increase in social inequality during the past three decades, resulting in the pauperisation of wide layers of society.

The report found that “[c]urrent levels of poverty in Australia are unacceptable and unsustainable”, and that “Australians are increasingly at risk of falling into poverty and indeed more so now than at any time during the post-war era”.

Labor Senator Steve Hutchins chaired the six-member committee that issued the 500-page report. After its formation in October 2002, the committee collated statistics from academic and government publications, and received more than 250 submissions from academics, charities and non-governmental organisations, state and local governments, and members of the public.

The committee’s final report highlighted enormous social and economic changes that had transformed the character of poverty in Australia. No longer confined to the weakest and most vulnerable layers of society, poverty now affected increasing numbers of working people.

The Senate committee described these “working poor” as the “new face of poverty”. Over one million Australians—more than 5 percent of the population—are poor, despite living in a household where one or more adults is employed. In contrast, the 1975 Henderson report on poverty found that only two percent of households with an adult in full-time employment were poor.

This explosion of poverty is directly bound up with the vast economic restructuring undertaken in Australia over the last 20 years. Both Labor and Liberal governments have instituted far reaching economic reforms aimed at boosting the “competitiveness” of Australian companies on the global market.

Labour market “reform” has been a central component of the push for corporate profits. Wage levels have been driven down, while the emphasis on increased labour market “flexibility” has resulted in a dramatic rise in casualisation.

Between 1988 and 2002, the Senate report found, the employment of casual labour increased by a staggering 87.4 percent. By 2002 casual workers, who have no security of employment, sick pay or holiday leave, made up 27.3 percent of the employed, an increase of seven percentage points since 1991.

In the 1990s, the number of full-time jobs actually fell by 51,000, or one percent. The rapid shift to part time and casual work has resulted in growing financial hardship for growing numbers of working families. And even for those low income earners who manage to find fulltime work, the minimum wage has fallen to just half of average earnings—a 15 percent fall since 1983.

“The picture that emerges is of an economy leaving behind the low-skilled and less talented jobseekers, resulting in greater polarisation of

income and employment outcomes,” the poverty report states. “Australia is moving towards a core/periphery labour market model with a large group of the workforce permanently excluded from, or only marginally attached, to the labour force and at high risk of experiencing financial hardship.”

Mass unemployment has exacerbated poverty levels. In the 1970s, unemployment averaged 3.7 percent; in the 1980s, 7.3 percent, and in the 1990s, 8.9 percent. The duration of unemployment also significantly increased, with the rate of long-term unemployment more than doubling between 1980 and 1998.

Bound up with the rise in poverty has been a rapid expansion of social inequality. The report noted that over the last decade, “the income shares for both the lower and middle quintiles of the population have decreased—with the middle becoming increasingly polarised. The crucial fact is that the widespread financial stress of poor households is due directly to a decline in their real incomes.”

Professor Peter Saunders, of the University of New South Wales’ Social Policy Research Centre, told the Senate committee “almost half of the economy-wide increase in income generated by economic growth under the Howard government was of no benefit to the bottom four-fifths of the population”.

So polarised is the distribution of wealth, that in 2000, the bottom 50 percent of the population held just 7 percent, compared to the top one percent of the population, which held 13 percent. This growing chasm between rich and poor is projected to widen further in the future.

For the large numbers of people living in poverty, the report revealed how difficult it is to make ends meet. Basic cost of living expenses have risen at rates far exceeding increases in the average income.

Housing costs, which consume a large proportion of the incomes of the poor, have dramatically escalated. At the same time, as the report notes, “the availability of ‘affordable housing’—that is, housing that low income earners can afford without experiencing housing stress—has declined.”

Government spending on public housing decreased by 18.6 percent between 1993-94 and 2002-2003. There is now an estimated shortage of 150,000 units of affordable housing. Waiting lists have increased, with more than 90,000 people in New South Wales alone in the queue for public housing.

This shortfall has seen an increase in homelessness. On any given night, there are at least 100,000 people without a roof over their heads. A lack of reliable and up-to-date data, however, means that the true figure may be much higher. The St Vincent de Paul charity organisation reported that the number of homeless people it worked with in Sydney increased from 23,000 in 1998 to 43,000 in 2002.

The mounting social crisis is also expressed in relation to public education. The Senate report revealed that the shift to “user pays” has seen education costs since 1989-1990 rise at a rate 173 percent greater than the increase in the consumer price index (CPI). As a result, many parents find it difficult to afford school fees, textbooks, uniforms and

excursions.

The consequences include long-term psychological damage to children in poor households. In one case brought before the Senate committee, a 12-year-old boy refused to attend school excursions or other social activities. The reason was that he was too embarrassed, because his school uniform was the only clothing he owned.

It is well known that a child's cognitive development and mental health is directly affected by poverty. A recent West Australian study found that 15 percent of children in the top three quintiles of income suffered from mental health problems. The rate increased to 25 percent for those children in the bottom quintile.

For those in poverty, it is becoming increasingly difficult to access public healthcare. According to the Senate report, "even for those people in employment, affordable healthcare is often problematic". Like public education, the public health system has been downgraded by Labor and Liberal governments alike, in favour of the "user pays" approach.

Again, the result is terrible social, as well as health, problems. The Senate committee heard that in one housing estate in New South Wales, families could not afford to purchase head lice medication for their children, and were forced to shave the affected children's heads. When the children were teased, they stopped attending school.

As well as documenting the precipitous rise in the number of working poor, the committee illustrated the worsening conditions of those sectors of Australian society that have long been the most impoverished and oppressed.

The report noted that Aborigines "remain the most disadvantaged and marginalised group in Australia. On all the standard indicators of poverty and disadvantage, indigenous people emerge as the most socially and economically deprived".

Approximately 30 percent of indigenous households experience income poverty, with Aborigines between two to three times worse off than other Australians. As well, indigenous people suffer from unemployment rates at least twice those of other Australians, and 50 percent of all Aborigines rely on some form of welfare payment to survive.

Immigrants and refugees, especially those from non-English speaking backgrounds, are also at a higher risk of poverty. The government has blocked newly arrived immigrants from accessing many social services during their first two years in the country, exacerbating their vulnerability to exploitation in the labour market. Refugees issued with temporary protection visas are similarly denied many government services, including English language training.

The committee found that poverty was particularly widespread among university students. Strict government restrictions on eligibility for welfare payments have resulted in students being forced to work longer hours. Full-time students now work an average of 15 hours a week. The number of first year students for whom employment was the main source of income rose from 26 percent in 1994 to 37 percent in 1999.

Another at-risk group is the elderly. In 2000, those aged 50 and above constituted 32 percent of the poor. Unemployment and structural changes in the economy are largely responsible. For men aged 50-59, participation rate in the labour market decreased from 88 percent in 1973 to 74 percent in 1998. In the same period, the participation rate for men aged 60 to 64 fell from 76 to 46 percent.

Rural and regional Australia are especially hard-hit. As the report found, the "experience of poverty is closely connected to where people live and the resources which are collectively available to people who live in a particular locality". Low farming incomes combine with a shortage of essential services and infrastructure to produce terrible social conditions. "Many communities are faced with increasing levels of stress, family breakdown, domestic violence, suicide, substance abuse and crime as a result of these increasingly difficult economic conditions and the recent drought," the report declared.

As a result, charity organisations face overwhelming pressures. Responsibility for providing a wide range of services and assistance has fallen on their shoulders—including the provision of food vouchers for emergency relief, clothing, payment of utility and education charges, as well as financial and personal counselling for those with disabilities, mental health and gambling problems, or drug and alcohol addiction.

In the 2001-2002 financial year, charity groups assisted 2.4 million Australians, an increase of 12 percent over the previous year. "Agencies indicated that there has been a large increase in the number of client groups and people who had not sought previous assistance," the poverty report noted. "These groups included the 'working poor' and homeless persons/families due to the high cost of private rental."

While the Senate report provides a devastating portrayal of the social crisis in Australia, it fails to provide any strategy to ameliorate the situation, much less overcome it. The majority of the report's recommendations amount to tame calls for the government to "review" and "assess" various social and economic policies.

Increased government spending in areas such as health, education and housing is recommended, but in no case is a specific funding target set. The "left" sounding nature of some of the recommendations constitute a diversion from the general right-wing thrust of the report's orientation.

The report's title, "A hand up not a hand out", is indicative of the Senate committee's perspective. The group's chairman, Senator Hutchins, insisted that poverty would not be overcome by "throwing money at the problem".

To cover for the complete absence of any genuine solutions, the committee called for the development of an "anti-poverty strategy" to be formulated after the convening of a national "poverty summit". A statutory authority monitoring the progress of the strategy would then report to the prime minister.

Placing these demands on the Howard government is nothing more than a cynical charade. The Senate committee is fully aware that the government has no intention of combatting poverty. The Labor Party's sole concern is, behind its hypocritical humanitarian mask, to absolve itself of all responsibility to deal with the growing crisis.

The government's attitude was made clear with the attachment of a dissenting "minority report". This paper, issued by the two Liberal Party members sitting on the Senate committee, Sue Knowles and Gary Humphries, rejected the final recommendations. They criticised any move to establish "glib, fanciful and unrealistic targets and programs", and called for the further extension of pro-business "reform" measures.

Prime Minister Howard immediately dismissed the Senate report, claiming that Labor-dominated committees "always say the world is coming to an end". "It's fair to say that the rich have got richer but the poor have not got poorer," Howard declared. "It doesn't mean that there aren't people who are missing out—of course there are. But it's important to get this income distribution thing in perspective."

The government's adamant rejection of any measures to reduce poverty was backed by business groups, who reacted with derision and hostility to the poverty report. The Centre for Independent Studies, a right-wing think-tank, attacked the very concept of defining and measuring poverty. "Any definition of poverty is arbitrary and reflects the value judgements of those who develop it," it said, before insisting that less than five percent of Australians were poor.

The response to the poverty report demonstrates that within the political establishment there is unanimous agreement that staggering levels of poverty and social inequality must be accepted as the price to be paid for Australia's participation in the global capitalist market.

While the convening of the Senate committee reflects a certain nervousness in ruling circles about the explosive social consequences of accelerating poverty, none of the established parties has any intention to eliminate or even reduce it. Thirty years ago the depth of poverty in

Australia was seen as scandalous; today, if its existence is admitted at all, poverty is considered inevitable.



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