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Homelessness is the most extreme form of poverty. In turn, living in poverty is one of the structural factors that leads to becoming homeless. While there has been a debate about how to measure poverty, the general consensus is that some 10 per cent of the population live in poverty relative to the rest of the community and the costs and living standards of Australia. In this category are Indigenous people, many single parents, and people who are long-term unemployed.

Chapter 7 | Poverty

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.¹

Introduction

7.1 A common idea of poverty is simply having no money. However, poverty is more than this. To be homeless is to be in poverty. A lack of shelter, or insecure shelter, is clearly an element of what it means to be poor. Many homeless young people also lack access to adequate health care, drop out of school and are unemployed. Homeless young people also have a sense of powerlessness and live from day to day.

7.2 Poverty is also a cause of homelessness. Having little or no income places pressures on family life that often lead to the types of crises discussed in the previous chapter, Chapter 6 Families in Crisis. Young people living independently with little or no income find it difficult if not impossible to maintain private rental accommodation and are all too often evicted or leave voluntarily prior to being evicted.

7.3 This chapter considers what constitutes poverty in an affluent nation, who is living in poverty and poverty as a cause of youth homelessness. Finally, the consequences of poverty for housing, education, health and other matters are considered in relation to young people.

What is poverty?

7.4 Poverty is having no or little income but it is more than that. A report on behalf of The Smith Family considered that:

Typically poverty is regarded as a state of deprivation, a situation where one's standard

*of living has fallen below some acceptable minimum level.*²

7.5 The idea of deprivation as poverty is generally accepted and can incorporate factors such as lack of shelter, hunger, poor education, and poor health. Factors such as powerlessness and lack of freedom are also factors of poverty but are less generally accepted.

7.6 While there is general agreement on what constitutes poverty, there is little agreement on how to measure it. Measures of poverty are usually simplified to an income level below which it is not possible to purchase the bare necessities of life. In poor, developing nations poverty is often considered to be those living on one US dollar per day or less.³ This is sometimes termed 'absolute poverty'.

7.7 The measures used by rich nations, such as Australia, are usually relative measures of poverty that focus on a level of income below which it is not possible to purchase the goods and services that are generally accepted to be necessary for living. This establishes a level of income (often weekly) called the 'poverty line' where those whose income is below the line are considered to be in poverty.

7.8 A common measure of the poverty line in Australia is the Henderson Poverty Line, which establishes income levels for different types of households. The use of this measure resulted from the 1973 Commonwealth Commission of Inquiry into Poverty and has the advantage of being the only poverty line figure updated every three months. As at March 2007, the Henderson Poverty Line was \$285.55 per week for a single person not in the workforce and \$661.45 per week for a couple with two children.⁴

7.9 Other poverty lines include those based on a percentage of mean or median income. For example, the Organisation for Economic Co-operation and Development (OECD) used fifty percent of median income⁵ while the National Centre for Social and Economic Modelling (NATSEM), University of Canberra, used fifty percent of mean income.⁶ The higher the mean or median income, the higher the poverty line. These measures have the advantage of allowing international comparisons of poverty.

7.10 The poverty rate, sometimes referred to as the 'headcount', is the proportion of the population with an income level below the poverty line⁷ (however calculated). The poverty rate does not consider how far below the poverty line the income of an individual or household is. So those households one dollar below the weekly poverty line are included in the measure in the same way as those one hundred dollars below.

7.11 The poverty gap indicates the total monetary gap between actual household income and the poverty line for all those who are below it. This shows the total amount of money needed to be distributed to those in poverty to bring their income up to the poverty line.⁸ It measures the depth of poverty as well as establishing a cost to relieve poverty.

7.12 Measuring poverty, and consequently who is living in poverty, is often mired in controversy. It is possible to get a sense of the scale of the problem by looking at the different estimates of the poverty rate based on different poverty line measures and

to consider who is living in poverty. However, from the perspective of this Inquiry the issue of how poverty is measured is less important than the effects of poverty on families and young people and the relationship between poverty and homelessness.

Australians living in poverty

7.13 The Australian Senate Community Affairs References Committee Inquiry into Poverty reported a range of estimates of the proportion of the Australian population living in poverty: from 5 per cent to 22 per cent.⁹ Most estimates put the proportion at around 10 per cent. For example, NATSEM estimated the poverty rate to be around 11 per cent.¹⁰ The Australian Council of Social Service arrived at a similar figure when they estimated that there are around two million Australians living in poverty (approx. 10%).¹¹

7.14 NATSEM, in a report for The Smith Family, showed that through the 1990s there was a small increase in the proportion of Australians living below the poverty line.¹² This occurred despite there being substantial economic growth in this period.

Young people and income

7.15 NATSEM, in their report on poverty in the twenty-first century (based on ABS data from 2001), found a high rate of poverty amongst young people aged 15 to 24 years at 17.4 per cent.¹³ This figure may be an over-estimate as it does not account for support provided to 'non-dependent' young people by their parents, such as assistance with housing costs (especially those still living at home), education costs, medical bills etc. However, the high rate of poverty among young people was a result of high rates of unemployment, working in lower paid jobs, spending time in education and training and the maximum rate of Youth Allowance being lower than the poverty line.¹⁴

7.16 Low youth wages, relatively high youth unemployment and the minimal income support provided to young people, whether unemployed or studying, all contribute to youth poverty. These issues are considered in more detail in Chapter 8 Labour Market Marginalisation and Chapter 19 Income Support, particularly in relation to homeless young people.

Communities

7.17 It is of no surprise that people living in poverty tend to be concentrated in particular communities. Research by Professor Tony Vinson has found that:

*... just 1.7 percent of postcodes and communities across Australia account for more than seven times their share of top rank positions of the major factors that cause intergenerational poverty...*¹⁵

These factors include low income, early school leaving, physical and mental disabilities and long-term unemployment.

Indigenous people

7.18 Unsurprisingly, research into poverty amongst Indigenous Australians has found that it is “deep and entrenched”¹⁶. The Aboriginal and Torres Strait Islander Commission estimated that around 30 per cent of Indigenous households are in income poverty.¹⁷ However, the experiences of the Indigenous peoples of Australia are so different from that of other Australians that:

*... conventional income-based measures may misrepresent the nature and extent of poverty amongst them.*¹⁸

7.19 The Centre for Aboriginal Economic Policy Research, Australian National University, suggested that the difference in experiences of poverty between Indigenous and non-Indigenous Australians arise from the relatively high proportion of Indigenous people living in rural and remote communities compared to non-Indigenous people. There are also cultural differences and income based measures are based on cultural assumptions.¹⁹ The idea of ‘family’ as an economic unit would be part of this cultural difference

Sole parent families

7.20 The Senate Community Affairs References Committee inquiry into poverty found that sole parent families face the highest risk of poverty of all family types.²⁰ This is despite the poverty rate for sole parent families declining from 28 per cent in 1990 to 21.8 per cent in 2000.²¹

Unemployed

7.21 Peter Saunders, Social Policy Research Centre, University of NSW, highlighted the relationship between unemployment, underemployment and poverty. His discussion paper concluded, while there was not a perfect correlation, that:

*... unemployment continues to be a major cause of poverty in Australia and that employment only provides an escape when it comes in the form of a full-time job.*²²

7.22 The labour market issues of unemployment, under-employment and job insecurity are discussed in the following chapter, Chapter 8 Labour Market Marginalisation.

Working poor

7.23 While the majority of people living in poverty rely on government benefits (Youth Allowance, aged pension, Newstart etc), a significant proportion, 15 per cent, rely on wages and salaries as their main source of income.²³ This group of people has come to be known as the ‘working poor’. It has been argued that the number of working poor is growing in Australia due to the increase in the number of part-time and/or casual employment.²⁴ Independent young people, on youth wages and in part-time, casual employment are a component of the working poor.

Family poverty as a cause of youth homelessness

7.24 The Burdekin Report highlighted the correlation between family poverty and youth homelessness stating that:

Evidence presented to the Inquiry indicates that many young people who now find themselves homeless come from a background of increasing poverty.²⁵

7.25 The Burdekin Report quoted a submission from Barnardos Australia highlighting the causal relationship between family poverty and youth homelessness:

Poverty is highly correlated with social isolation, alcoholism, drug abuse and domestic violence. Where these factors are present there is a greater incentive for a young person to leave home and subsequently be at risk of homelessness.

The poor are likely to have inadequate housing which may increase the stress on a young person to leave home. Overcrowding is perhaps the most significant factor, however geographic factors such as the under-servicing of public housing in Sydney's West and substandard accommodation are also factors.

The extra pressure of supporting a young adult is felt disproportionately by the poor.²⁶

7.26 Similarly, the National Youth Commission Inquiry heard that family poverty was an underlying cause of youth homelessness. While crises occur in every family and are the main trigger for young people to leave home there was often a background of poverty and marginalisation in the family of the young people who are homeless. For example, the Barnardos Australia submission to the Inquiry included the following:

Barnardos sees the problems of youth homelessness predominantly arising from pressures affecting famil[ies] living in poverty and ongoing disadvantage. These same issues also lead to neglect of younger children. Many of the policies and practices which should be assisting these families are not working well.²⁷

7.27 The St Vincent de Paul Society concurred stating that:

... so many homeless youth come from very low income households where a single parent, grandparent, other relative or even friends, do not have the ability to provide adequate, even if minimal, help.²⁸

7.28 The Illawarra Legal Centre suggested that:

The impact of poverty on family breakdown and the havoc on children and young people's lives cannot be underestimated.²⁹

7.29 The Inquiry was told that the impact of the ongoing drought in much of Australia has had a significant impact on farmers' incomes, which has placed significant pressure on family life. This has resulted in more young people moving to towns. For example, in Wagga Wagga the Inquiry was told that:

... since the drought, the farmers and the young people on farms are suffering a lot more, in terms of we are receiving a lot more referrals for young people who are wanting to come into the civic centre, as opposed to staying out on the farms...³⁰

Consequences of poverty

7.30 Poverty is not just about low income but impacts on a range of factors. Poor housing, lack of education and skills, poor health and food insecurity are all factors that coexist with or are caused by poverty. These factors are also evident amongst the homeless population.

Housing stress

7.31 Related to poverty and low income is the idea of housing stress. Households in housing stress are defined as those that:

- are in the bottom 40 per cent of the household income distribution; and
- have a housing cost (rent or mortgage payment) that is 30 per cent or more of disposable income.³¹

7.32 The Australian Housing and Urban Research Institute estimated that in 2002-03 there were around 860,000 low-income Australian households in housing stress (or approximately 28 per cent of low income households).³² The majority of these households (460,000) were in private rental properties. It is likely that, with the recent increases in interest rates, the number of mortgagee households in housing stress is rising. Further, the recent increases in rents may have placed more households in the private rental market in housing stress.

7.33 Evidence presented to the Inquiry suggested a link between housing stress and homelessness. The Youth Affairs Council of South Australia told the Inquiry that:

*... reduction in housing affordability, including the reduction in public, and more broadly, social housing stock, is the single most significant factor contributing to the increasing problem of homelessness.*³³

7.34 The St Vincent de Paul Society was more specific and identified:

*... private rental increases as a key factor on youth homelessness. Young people are experiencing forced evictions and a failure to locate other suitable housing.*³⁴

7.35 Housing stress is certainly a risk factor for youth homelessness. The Chair of the Youth Accommodation Association (NSW), told the Inquiry that SAAP services were seeing significant numbers of clients because of housing affordability issues.³⁵

Education

7.36 Professor Tony Vinson told a Poverty Week Forum at the University of Sydney in 2004 that:

*Few things are as strongly connected with social disadvantage and poverty as limited or deficient schooling. So much so that it matters little how you retrace the lives of the poor - individually, or in terms of neighbourhoods of concentrated poverty, or the institutions in which we lock people up - the path almost invariably leads to an earlier unsuccessful passage through schooling.*³⁶

7.37 Research shows that children and young people from low income, low 'socio-economic status' families do worse at school, have lower completion rates and have lower attendance in higher education than their more affluent counterparts.³⁷ The 2005 National Report on Schooling showed that estimated Year 12 completion rates are significantly lower (52%) in low socio-economic areas than in high socio-economic areas (79%).³⁸

7.38 Homeless young people tend to have a history of poor school attendance and attainment, either prior to becoming homeless or because of homelessness. Many have been suspended or excluded from schools for behavioural or other reasons. Some just simply stop attending classes as it is too difficult to concentrate on school when issues of accommodation have priority.³⁹ This experience is not universal but seems to depend on the services and supports available both in the school and outside for a young homeless person to remain connected.

Health Issues

7.39 The Australian Senate Community Affairs References Committee inquiry into poverty reported that there is a close link between health and poverty.⁴⁰ The Australian Institute of Health and Welfare data shows that people who live in socio-economically disadvantaged areas are more likely to assess their health as 'poor' or 'only fair' compared with those in more advantaged areas.⁴¹

7.40 The Senate Inquiry also found that:

*Poor health can in turn lead to a compounding of poverty, because illness reduces an individual's capacity to take up opportunities such as employment or training. The ill-health of children within families may also result in a cycle of poverty that is difficult to overcome. The extent to which illness may be said to cause poverty depends largely on the type of illness and the preparedness of the community to support the economic participation of people who are ill and the living costs of people who are unable to work. The onset of illness can, however, profoundly affect individuals and families and place them at high risk of poverty.*⁴²

7.41 Evidence presented to this Inquiry indicated that homeless young people also have poor health. Mental illness and alcohol and drug use are prevalent amongst the homeless youth population (see Chapter 10 Mental Health and Chapter 11 Alcohol and other Drugs). Also, sexually transmitted diseases⁴³, poor nutrition⁴⁴, dental problems⁴⁵, and tissue injuries⁴⁶ are common amongst homeless young people (see Chapter 17 Health).

7.42 Witnesses presented evidence that fewer GPs were bulk billing, and then if a young person does access a GP, they have difficulty paying for the prescribed medicine. Unsupported homeless young people also have difficulties accessing the emergency departments of public hospitals. After hospitalisation there is an issue about where a homeless young person goes and with whom.

Hunger

7.43 Hunger is not unknown in Australia. For example, the NSW Child Health Survey in 2001 found that in NSW, 6.2 per cent of households surveyed had “run out of food and could not afford to buy more” in the last 12 months.⁴⁷

7.44 As outlined in Chapter 3 Experiences of Youth Homelessness, the Inquiry was told that many homeless young people go for periods without food. For example, one young woman told the Inquiry that:

*Going hungry is definitely one of the hard parts [of being homeless].*⁴⁸

7.45 Services have developed in some areas that provide meals to homeless young people. For example, Wollongong Youth Services:

*... provides basic food at the centre and may also give young people some food to take with them.*⁴⁹

7.46 However, these are stop-gap measures that ameliorate a serious consequence of homelessness for young people.

Conclusions

7.47 Poverty is both a cause and a consequence of homelessness. Family poverty places pressures on relationships and is often a background factor in family crises. Independent young people without secure income often live in poverty or close to the poverty line and for those reliant on the private rental market for accommodation are at risk of homelessness due to housing stress.

7.48 Homelessness is itself a form of poverty and has many of the characteristics of poverty as described by the World Bank. In particular, poor health and low educational attainment are likely to continue the cycle of poverty and homelessness for many young people.

7.49 Tackling poverty is one method for reducing the incidence of homelessness to a significant degree. There are no specific anti-poverty programs in Australia. Reducing poverty has relied on economic growth, employment and the social security system. The social security system for young people is considered in Chapter 19 Income Support and employment issues are considered in Chapter 20 Employment and in the following chapter.

ENDNOTES

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