



Poverty in Australia

• What is poverty?

Poverty stops people 'from having an acceptable standard of living'.ⁱ

Poverty is used to describe the people in a society that cannot participate in the activities that most people take for granted. While many Australians juggle payments of bills, people living in poverty have to make difficult choices – such as skipping a meal to pay for a child's textbooksⁱⁱ.

• Who lives in poverty?

Research commissioned by Australian Council of Social Service (ACOSS) estimates that the number of Australians living in poverty has increased over the past decade. Research shows:

- 2.2 million people, or 11.1% of Australians were living in poverty in 2006 (compared with 9.9% in 2004, and 7.6% in 1994)

Particular groups of people in Australian society are at high risk of poverty include:

- 40.2% jobless people
- 39% of single adults aged over 65 years
- 31.5% of all people whose main income in social security
- 22.8% single adults of workforce age
- 11.4% of sole parent families

NB: *The method used to determine these figures (less than 50% of the median disposable income of all Australian households) is a generous one by international standards. Based on UK standards, Australian's living in poverty would double.*

• Causes of Poverty

- Lack of work and income
- Lack of access to education
- Lack of access to housing
- Poor health
- Lack of access to services

• Poverty and Employmentⁱⁱⁱ

- Recent research about the poorest 20% of families in Australia indicates that most of these families are jobless
- Marginalised groups, such as those with disabilities and mental health issues, as well as minority ethnic groups, are more likely to be affected by poverty and social exclusion

• Poverty and Homelessness^{iv}

Poverty and the inability to afford adequate housing are central to the causes of homelessness. These circumstances may result from a number of different experiences, including:

- long-term or short-term unemployment
- debt and other financial pressures



- housing market pressures, such as rising rental and house prices and the lack of public housing

Homelessness in Australia

• **Definition of Homelessness**

The most commonly accepted definition of homelessness includes three categories in recognition of the diversity of homelessness.^v

- **Primary homelessness** is experienced by people without conventional accommodation (for example, sleeping rough or in improvised dwellings)
- **Secondary homelessness** is experienced by people who frequently move from one temporary shelter to another (for example, emergency accommodation, youth refuges, "couch surfing")
- **Tertiary homelessness** is experienced by people staying in accommodation that falls below minimum community standards (for example, boarding housing and caravan parks).

• **Causes of Homelessness**

- Poverty
- Unemployment
- Domestic violence
- Family breakdown
- Poor physical health and mental illness
- Sexual assault
- Drug and alcohol addiction
- Social isolation
- Refugee status
- Financial difficulties
- Inferior housing

• **The Impact of Homelessness**

Homelessness means that every day almost one in every 200 Australians lives without their most fundamental human rights.^{vi}

By forcing people away from their family, friends and community, homelessness:

- Results in social and economic costs to individuals, families, communities and our nation
- Makes it difficult to maintain school or further study
- Leaves people vulnerable to long-term unemployment and chronic ill-health
- Often excludes people from participation in the social, recreational, cultural and economic life of our communities

Homelessness impacts on an individual's right to:^{vii}

- Health
- Safety
- Privacy
- Education
- Work
- Non-discrimination
- Social security
- To vote
- Freedom of movement and freedom of association



- Freedom of expression
- Freedom from cruel, inhuman or degrading treatment or punishment

• Costs on Society

Homeless people also make greater demands on a wide range of services than do members of the general community. A study by the Australian Housing and Urban Research Institute (AHURI) estimates these additional costs at between \$10,000 to \$40,000 per homeless person per year.

It is estimated that the long-term economic cost to the community of not assisting the 50,000 children who pass through specialist homelessness services each year is close to \$1 billion per annum.^{viii}

• Facts and Figures

In 2008 *The Road Home* (White Paper), the Australian Government noted that:

- Every night around 105,000 people are homeless. On the night of the 2006 Census, those homeless were not all sleeping rough:
 - 45% were staying temporarily with family and friends
 - 21% were living in boarding houses and other temporary accommodation
 - 18% were sleeping rough on the streets
 - 16% found a bed in our homeless service system
- For people who are homeless, or at risk of homelessness, finding a job or other opportunities to participate in the community is critical
- In a country as prosperous as Australia, no one should be homeless
- Reducing homelessness is everyone's responsibility. Australia's efforts to reduce homelessness have to be urgent, as well as sustained

▪ Demographic Breakdown of those Homeless

According to the ABS Report *Counting the Homeless* (2006):

- 58% of the homeless were in the younger age groups (under 35) and 42% were aged 35 or older
- 12% of the homeless were children under 12 years (these young people were accompanying parents on census night)
- Another 21% of the homeless were teenagers aged 12 to 18 (mainly on their own)
- 10% were young adults aged 19 to 24

The 2006 Census showed large increases in the number of older people who were homeless. Over 18,000 people aged 55 or over were homeless on Census night in 2006, 4,000 more than in 2001.^{ix}

The average age of people who are chronically homeless may rise, suggesting a greater need for specialist services that focus on older people who are homeless

Social Exclusion

Poverty and homelessness often leads to disengagement and exclusion from one's family, friends, and the wider community.

Social exclusion means people do not fully participate in the community. Poverty and social exclusion bring about social disadvantage and the exclusion of people from their rightful choices in attaining their personal aspirations.^x



Many Australians experience exclusion from the essential services they require, an exclusion from the social activities within family and community as well as an educational exclusion from learning and study structured appropriately to meet their personal needs.^{xi}

• Causes of Social Exclusion

- Homelessness
- Unemployment
- Discrimination
- Poor skills
- Low incomes
- Poor housing
- High crime
- Family breakdown^{xii}

This lack of access and inclusion inhibits people's ability to contribute to and benefit from the society in which they live. Thus, **disadvantaged people** are in a sense 'disengaged' from society, with their capacity to function socially and economically being restricted.

Improving the educational access of **marginalised people** through alternative pathways and innovative co-operation amongst community agencies, business and education providers can assist the marginalised in embracing new life opportunities.

Through cross-sector community networks and a focus on authentic learning opportunities, disadvantaged people can achieve higher levels of self-esteem, build their self confidence and re-engage with community.

Social exclusion and isolation has a negative impact upon the lives, well being and mental health of disadvantaged Australians.

Long-term Unemployment

• Long-term Unemployment

People who are disconnected from the workforce for long periods of time are vulnerable to homelessness. While the long-term unemployment rate has been at historic lows for more than a decade, Australia still has the fifth highest proportion of people of workforce age in jobless households among Organisation of Economic Cooperation and Development (OECD) countries.

People who find themselves locked out of the labour market, especially over a long period of time, can find it difficult to secure affordable housing.

- Currently only 11% of people who leave specialist homelessness services have a job to go to
- Most working age people who are homeless or at risk of homelessness would like to earn an income, but face the obvious barriers of holding down a job without a home of their own
- Maintaining a connection with employment will help people who are homeless return to stable housing
- For people who are homeless, getting work or learning new skills will improve their economic position as well as providing the social benefits of participation
- Reducing homelessness requires an increase in the economic opportunities for homeless people or those at risk of becoming homeless, to gain financial independence as well as participate in their community
- Employment is a significant step towards securing permanent housing^{xiii}



Solution: Creating sustainable employment opportunities for groups at risk of homelessness such as older people in housing stress, women and children leaving violence, Indigenous Australians and people leaving state care ...

Social Enterprises

• **What is a social enterprise?**

- Using an economic vehicle to achieve a social purpose
- The concept social enterprise signifies the creation of social value through entrepreneurship and innovation

The social criteria:

- An explicit aim to benefit the community
- An initiative launched by a group of citizens
- Decision-making power not based on capital ownership
- A participatory-nature, which involves the various parties affected by the activity
- Limited profit distribution

The economic criteria:

- A continuous activity, producing/selling goods and/or services
- A high degree of autonomy
- A significant level of economic risk
- A minimum amount of paid work

These enterprises are concerned with:

- Providing essential local services in the face of state or market failure
- Generating permanent or immediate employment opportunities for traditionally marginalised people
- Generating income to support local community development or not-for-profit agency activities
- Creating vehicles to retain income within local economies
- Providing organisational frameworks for developing economic, social and civic participation

• **How do they work?**

Social enterprises are businesses that trade with a social purpose and deliver social dividends. Social enterprises are diverse and driven by different motivations including:

- Providing opportunities for participation in local communities
- Providing pathways to employment through trainings and work experience
- Creating employment
- Retaining a needed product or service in a local community
- Achieving environmental benefits
- Generating surpluses for social causes^{xiv}

• **Trends in third sector (growing support for social enterprises)**

Social Traders argues that there is a significant opportunity exists to develop a thriving social enterprise movement in Australia through a cooperative and collaborative network involving all levels of government, business, philanthropy and community sectors^{xv}. They claim a thriving social enterprise sector will occur by:



- Increasing awareness of the benefits of social enterprise
- Improving social enterprise access to markets
- Increasing the finance available to social enterprise
- Increasing the capability of social enterprise and their operators
- Encouraging more effective coordination across the sector

The Big Issue: A Leader in Developing and Managing Social Enterprises in Australia

The Big Issue's Street Magazine Enterprise is one of this country's leading social enterprises. The Big Issue Australia develops and manages social enterprises in a way that is:

- socially entrepreneurial – it uses a creative and business-based approach to develop innovative ways to tackle social issues and drive positive social change
- viable and sustainable – it uses sound business practices to deliver programs and services, and ensure its continuation and growth into the future
- focused on the community – it exists for the sole purpose to benefit the community
- creating opportunities for mutual benefit – by helping individuals, it also promotes healthier communities with tolerance and understanding
- focused on provision of opportunities for change – helping people help themselves. Its programs and services give people the skills, confidence and opportunities they need to help themselves

• **Social Impact**

Initiatives of The Big Issue Australia put the person at the centre of the solution, providing them with the support and tools necessary to help themselves make positive change. The programs also provide mutual benefit to both the vendor/participants as well as the community.

Programs help participants by:

- Providing opportunities to help themselves
- Boosting self-esteem and confidence
- Preventing social isolation with the opportunity to make friends in a positive environment
- Promoting positive changes such as improved housing situation, finding employment, addressing drug and alcohol abuse, seeking help for mental illness or reconnecting with family
- Improving mental health and well being
- Provides a real sense of purpose and belonging
- Promoting discipline
- Earning an immediate income where they may have no other employment option

Programs help the community by:

- Breaking down stereotypes of homeless and marginalised people
- Improving community health and well-being
- Diverting at-risk people from hospitals, courts, emergency services and correctional facilities, therefore providing a saving for taxpayers

• **Economic Impact**

A study by RMG Consultants for Business, Communities & Environment found that the social outcomes of vendors working for The Big Issue results in a significant reduction in the demand for health, welfare and justice services.



The reduction is estimated at 65% of the reference cost, i.e. a saving of \$20,000 per vendor per year. That assumes that vendors still generate costs of \$10,000 per person per year. That is at the bottom end of the range of the costs identified in the AHURI study as attributable to homeless people.

The study confirms that the Street Magazine Enterprise is a strongly causative agent in the reduction of demand for services. Thus, the changes in behaviour can be attributed to the individual enrolling in the program, rather than the changes being coincidental or a precursor to that enrolment.

• Facts and Figures

- The Street Magazine Enterprise is estimated to save society \$20,000 per vendor per year from a reduction in the level of demand for a range of social services
- Total economic benefit each year based on 350 vendors equates to \$7 million
- The Street Magazine Enterprise generates commercial benefits of \$3 million from sales of the magazine, which are shared equally between the vendors and The Big Issue
- The total annual economic benefit from the operation of the vendor program is \$10 million
- An upper estimate of the economic benefit could be as high as \$25 million a year. The figure of \$10 million has been adopted as a defensible and conservative estimate of the benefits.
- In broad terms, in current dollar values, the program can therefore be assumed to have generated total economic benefits to society of more than \$85 million
- TBI has total annual operating costs of \$2.27 million. That includes the costs of producing the magazine, supporting vendors and administrative overheads.
- On this basis, the benefit/cost ratio of the street vendor program is $\$10M/\$2.27M = 4.5$
- That is, every \$1 cost of the street vendor program is generating benefits to society of $\$4.50^{xvi}$

It is important to note that The Big Issue in Australia is an independent, financially self-sufficient venture that does not depend on funding from government. Almost the entire operating costs of TBI are covered either by revenue from magazine sales, from corporate donations or from services provided pro-bono. TBI receives only minor funding grants from State and Federal agencies.

The significant economic benefits of the Street Vendor Program are, therefore, currently being generated at effectively zero cost to government. TBI is therefore fundamentally different from most standard welfare agencies and services.

This program is, therefore a very attractive investment proposition both for the corporate sector and for government in addressing a significant social challenge and in generating economic benefits.

ⁱ Saunders, Naidoo & Griffiths (2007). Promoting social inclusion: Emerging evidence from the *Catalyst-Clemente* program. Available:

http://www.acu.edu.au/_data/assets/pdf_file/0010/164728/promoting_social_inclusion.pdf

ⁱⁱ Australian Council of Social Service (2009). The Australian Collaboration. *A Collaboration of National Community Organisations*. Available:

<http://www.australiancollaboration.com.au/factsheets/1.%20causes%20of%20poverty.pdf>

ⁱⁱⁱ Australian Council of Social Service (2009). The Australian Collaboration. *A Collaboration of National Community Organisations*. Available:

<http://www.australiancollaboration.com.au/factsheets/1.%20causes%20of%20poverty.pdf>

^{iv} Australian Human Rights Commission. Available:

http://www.hreoc.gov.au/human_rights/housing/homelessness_2008.html#2



^v Chamberlain, C. (1999). *Counting the Homeless: Implications for Policy Development*, Canberra: Australian Bureau of Statistics, Catalogue No. 2041.0.

^{vi} ABS: *Counting the Homeless* (2006). Available: <http://www.aihw.gov.au/publications/index.cfm/title/10832>

^{vii} Australian Human Rights Commission. Available: http://www.hreoc.gov.au/human_rights/housing/homelessness_2008.html#2

^{viii} Green Paper: *Which Way Home? A new approach to homelessness*. Available: http://www.fahcsia.gov.au/sa/housing/progserv/homelessness/Documents/homelessness_report/introduction.htm

^{ix} *The Road Home: A National Approach to Reducing Homelessness* (2008). Available: <http://www.facs.gov.au/sa/housing/progserv/homelessness/whitepaper/Documents/background.htm>

^x Saunders, Naidoo & Griffiths (2007). Promoting social inclusion: Emerging evidence from the *Catalyst-Clemente* program. Available: http://www.acu.edu.au/_data/assets/pdf_file/0010/164728/promoting_social_inclusion.pdf

^{xi} Howard, Marchant, Hampshire, Butcher, Egan and Bedhauer (2008). Promoting social inclusion: Emerging evidence from the *Catalyst-Clemente* program. Available: http://www.acu.edu.au/_data/assets/pdf_file/0010/164728/promoting_social_inclusion.pdf

^{xii} Howard, Marchant, Hampshire, Butcher, Egan and Bedhauer (2008). Promoting social inclusion: Emerging evidence from the *Catalyst-Clemente* program. Available: http://www.acu.edu.au/_data/assets/pdf_file/0010/164728/promoting_social_inclusion.pdf

^{xiii} *The Road Home: A National Approach to Reducing Homelessness* (2008). Available: <http://www.facs.gov.au/sa/housing/progserv/homelessness/whitepaper/Documents/background.htm>

^{xiv} Social Traders. Available: <http://www.socialtraders.com.au/>

^{xv} Social Traders. Available: <http://www.socialtraders.com.au/>

^{xvi} RMCG Consultants for Business, Communities & Environment (2008). *The Big Issue in Australia: Economic Value of Street Vendor Program*.