

POVERTY IN AUSTRALIA

By David Scott

In Australia we regard our poor with interest and sympathy, but without serious and applied concern that could lead to a real understanding of their situation, a drive for reforms and a restatement of social policy.

The poor are invisible to the eyes of most. It is difficult to believe that these are hard times for some when average weekly earnings are £26 and there are 415,000 new car registrations in a year. Sometimes the veil is lifted. At Christmas and in early winter the Melbourne "Herald" poverty parade shows in picture and story the aged, crippled, widowed, deserted, unemployed and sick. Help is given to buy blankets and food parcels. Apexians make up hampers, Jaycees cut firewood, State Governments give fare concessions, Church and voluntary organisations raise millions of pounds for housing and caring for those in need. But for all this activity there is little social protest against conditions that create the need for so much public charity.

The extent and nature of need among families in Australia will not be known with any accuracy until Dr. Ronald Henderson and his colleagues in the Institute of Applied Economic Research at the Melbourne University have completed their Australia-wide 'Family Needs and Incomes Survey'. A scientific investigation of this kind has never been attempted in Australia before. It is a big and complicated task and it may be eighteen months before the results are known. This survey should provide an opportunity for a reappraisal of many aspects of social security policy. In the meantime we can consider the evidence that now exists and give thought to reforms that would make life easier and more rewarding for the most economically depressed in our society.

There are two levels of poverty. The first is absolute. Its effects are hunger and cold and illness. It is the situation that confronts millions in Asia and Africa and South America, where this is the way of life for most. In Australia in 1961 many families suffered grievously for limited periods. Unemployment benefits were meagre. They had been regarded as short term emergency supplements but they became a standard of living for many people for months. Today some families, aged people, invalids, widows and many aborigine families lack adequate food and shelter, but it is difficult to believe that there are many Australians enduring absolute poverty.

The second, lesser degree of poverty is severe deprivation. It is a denial, to a large number of people, of a share in the benefits that technology, science, and reasonable management of the country's affairs have brought to most. This poverty is created partly by the rising standards of living and the demands and pressures on people to conform and enjoy all that the market offers. Press, radio, TV and magazines carry the message. The luxuries of yesterday have become the necessities of today. Our whole economy depends on people wanting these new creations, yet we deny many the means of possession. This form of poverty is real and it is damaging. It is a nagging fear, or insecurity. It is the bitterness of paying half of the pay packet week after week for two poor rooms in Fitzroy or Redfern in which to shelter the family. It is having to buy all clothing at the Opportunity Shop or Jumble. It is the nagging pain of a toothache or illness that can be relieved only by a long and costly journey for free treatment at a Public or Dental Hospital.

### The face of poverty

It is the razor's edge on which the family budget is balanced. One slight extravagance, one hire purchase commitment too many - mistakes of judgement or indulgences which the wealthier can make with no serious consequences - and the structure comes tumbling down. Which is to be paid for first - H.P. on the 'frig, the rent to avoid a notice to quit, or the food for tomorrow?

This poverty is the prospect of year after year without holidays for parents or children. It is being unable to buy presents for your own children at Christmas and the hope that Apex won't forget to bring their parcel. It is saying 'no' when a child wants to go with others to baths or pictures. It is a dull, deficient diet. For those with ambitions it is wondering whether the high cost of free education - the fares, books and extras - can be afforded.

It is the widow or deserted wife who has to work each day. It is arriving at the Day Nursery with Johnny, and perhaps Jill, as early as 7.30 a.m. so that there is time to travel from there to factory or office. And in the afternoon, it is the babies and children pressing to the windows wondering if their mother will be next through the gate to take them home for a few hours when she can be a mother and do the housework too.

Sometimes it is the widow or deserted wife wondering whether it is right to cheat a little and earn a pound or two more than the means test permits.

This kind of poverty (or is this the absolute in poverty?) is the separation of children from their own parents because there is not the money or home or employment to properly provide for them.

This is not an exaggerated picture of the quality of the lives of many in Australia, although we cannot yet measure its extent. It can be confirmed by hundreds of professional social workers who are in constant touch with this other world. They are seldom given the opportunity to share their knowledge with the policy makers and have not yet mastered the techniques of conveying their experience, concern and ideas for reform to the legislature and public.

#### What do we know?

Small scale studies of specific groups have been made. With the exception of Jean Aitken Swan's "Widows in Australia" they do not measure the numbers of needy in the groups being considered, but they do describe effectively the nature and effects of poverty in Australia.

In 1955 a detailed investigation of the incomes and expenditure of a group of 10 low-income, large families was carried out by the Brotherhood of St. Laurence to support a case for the retention of rent rebates as the only means of ensuring by which low income families or people depending on social service benefits can be housed in Housing Commission homes. The survey showed conclusively that families of comparable size and income could not possibly pay more than one-fifth of income in rent. The Victorian Housing Commission retained its rental rebate system. The N.S.W. Commission allows rebates only on houses built under earlier Commonwealth-States Housing Agreement. The Commonwealth refused to continue sharing the cost of rental rebates after 1956. The families studied managed as well as they did by making children's clothing, growing vegetables, working overtime, juggling their budget from week to week.

In 1961 the Family Services Committee of the Victorian Council of Social Service published the study "How 56 Low Income Families Live". Most of these families were in debt. "Threats of

evictions and fuel cut-offs were not infrequent ... they are unable to afford sufficient of the protective foods ... clothing is limited and of poor quality and the provision of sufficient footwear is a major problem ... the biggest single factor contributing to hardship is illness ... "

Earlier, in 1957, Professor R. I. Downing in "Raising Age Pensions" described the varying needs and resources of the elderly who make up the pensioner population and urged the introduction of special allowances to supplement flat rate pensions. The Brotherhood of St. Laurence booklet "100,000 Depressed Pensioners", published in 1958, supported this reform and estimated that 25 per cent of age pensioners were in acute need. Jean Aitken Swan's excellent study "Widows in Australia" (Australian Council of Social Service 1962) threw the spotlight so effectively on the plight of many widows, that pension rates were substantially increased soon afterwards.

More recently Elaine Martin's "High Rents and Low Incomes" (Brotherhood of St. Laurence, 1964) focussed attention on the housing problems of low income families and the changing directions of housing policy, away from those with least resources. Elaine Martin made no attempt to estimate the numbers of low income families who might be in considerable need, but she drew attention to the size of what might be termed the "vulnerable" section of the community. This includes families with more than one child and incomes of up to £999 and people dependent on social service benefits and pensions. Tax figures for 1961 showed that 181,000 taxpayers with incomes of £999 and less had a dependent spouse and one or more dependent children. 58,000 of these had three or more dependent children.

Also in the vulnerable group are the large numbers of individuals and families receiving pensions and social service benefits. It is worth listing the general rates of pensions. Unless "Dissent" readers are very much more enlightened and socially conscious than most people in the community, there will be few who are familiar with the rates or have stopped to consider their adequacy for living in Australia in 1965.

#### Age Pensions

615,000 receiving pensions.

The maximum rate for single pensioners is £6. The rate for married couples is £5/10/- per person. Supplementary assistance of £1 is available for those who pay rent and are entirely dependent on the pension. Some 90% of the pensioners are receiving the full pension. Additional income of up to £3/10/- is permitted.

#### Invalid Pensions

109,000

The rates are the same as for age pensions.

#### Widows' Pensions - Class A

27,000

Class A widows have at least one child under 16. The rates are £8 a week with 15/- for all children under 16. Widows may now earn up to £3/10/- a week and an additional 10/- a week for each child other than the first. Supplementary rent assistance of 10/- to full pensioners.

#### Widows' Pensions - Class B

34,000

These are widows at 50 years of age and without children under 16. The rate of pension is £5/7/6 a week with other income of up to £3/10/-.

Unemployment Benefit

The average number on benefit at the end of each week in 1964 was 26,000.

Since March 1962 the rates have been £4/2/6 for a married adult, plus £3 for a dependent wife and 15/- for children. Rates are lower for juveniles. Adults may have other permissible income of up to £2. There is a waiting period of seven days for which no payment is made.

Sickness Benefit

The average number on benefit at the end of each week in 1964 was 11,000. Rates are the same as for Unemployment Benefits.

The poverty line

Income is only a rough guide to poverty. It can be used to exaggerate or underestimate the extent of poverty. We will have to await Dr. Henderson's study before any positive estimates, supported by facts, can be made of the number of families on or below whatever poverty lines are established by the survey of needs.

Michael Harrington's "The Other America" considers a number of surveys that have been made in the USA. The estimates of numbers of poor vary according to the income level at which the poverty line is drawn. Harrington believes that there are between 40 and 50 million poor in the USA. Gunnar Myrdal in "Challenge to Affluence" accepts the Conference on Economic Progress assessment contained in "Poverty and deprivation in the USA".

"If poverty be defined as having to live on an annual income of under \$4,000 for multiple person families and \$2,000 for unattached individuals, 38 million Americans, more than one-fifth of the nation, were poor in 1960.

"Living in deprivation, which is defined as above poverty, there were more than 39 million people, again more than one-fifth of the nation. Utter destitution, a situation for those with half the poverty income, was the destiny of more than 12½ million or nearly 7 per cent of the population of the United States."

Clearly the estimates of number of poor people depend on where the poverty line is drawn. Harrington pleads for the avoidance of a "numbers game". The poverty of many is proven. The immediate task is to remedy this.

Needs are as important as income. In Australia a single man not living at home should manage on £17 a week. After tax of £80, savings would be difficult. The same income will impose sacrifices on a man with a wife and two children. For those with five children, even with £3 child endowment, there is obviously severe hardship. The critical factor is often the amount of income paid for accommodation. The large low-income family is far better off living in a rent rebated Housing Commission home than in private accommodation. Rebated Commission rent would be £3 to £4 - outside the Commission a family is fortunate if they can obtain reasonable space for a large family for less than £6/10/-. Try and imagine how a family of 2 adults and four or more children manage on an income of £17 and child endowment, when the rent is £7 or £8 a week.

Rent is usually the critical factor in a pensioner's budget. At one end of the pensioner scale is the elderly couple who own their own home in an area where rates are not too severe. They receive a full pension of £11 and may have between them additional income of £7 from investments or earnings - a total money income of £18.

At the other end of the scale are those who pay £3/10/- out of £6/10/- for a comfortless room with extra payments for the radiator and the gas. Higher up the ladder are those who live in

subsidised accommodation provided by the Housing Commission or by Church or voluntary organisations. They may pay 15/- to 30/- a week in rent. They manage on their £6/10/- but with little to spare.

Extreme examples, which show either the inadequacy or the reasonableness of current pension rates, can be drawn from either end of the pensioner group. Wages and pensions cannot be individually assessed. For example, who could decide what is reasonable and necessary for you, and for the process worker with four children and an ailing mother to care for? On the other hand flat rate pensions and wages penalise those with extra responsibilities and needs. The aim should be to introduce as much flexibility as possible into wages and social security policy.

### What to do?

First we need to clear away some of the dogma and misconceptions that hamper understanding of needs and how they might be met.

The Basic Wage has had a hypnotic effect on Australian consideration of social policy ever since the "Harvester Judgement" of Mr. Justice Higgins in 1907 which declared that £2/2/- a week was a reasonable amount for "a family of about five". This was the standard adopted by the Commonwealth Arbitration Court. The many basic wage enquiries and judgements since then have changed the function and determination of the Court, but still the fiction remains in many minds that the Basic Wage is essentially a "needs" wage. The recent judgement has shown that it is less of a needs wage than ever before. Need is still a matter of consideration, but industry's capacity to pay is given more weighting. The Court's view of the future economic prospects is now another substantial influence.

Pensions, workmen's compensation and wages are all compared to the basic wage. In Victoria the State Government provides allowances for children in needy circumstance. These are children of widows and deserted wives or children whose fathers are sick, invalid or unemployed. The allowances are supplementary to Commonwealth Benefits. At present some 7,000 children are assisted. This in itself is a measure of the inadequacy of many Commonwealth benefits. The rates of payment are differential. They are based on a formula which takes into account other income and reasonable outgoings. A rule has been made that total family income must not exceed the basic wage, despite the fact that it is simply not a measure of adequacy for a man, wife and say, four children. The ceiling limit is thus fixed on quite false premises.

For many years the Combined Pensioners' Association has campaigned for an age and invalid pension of at least half the basic wage. This is a good slogan until you examine it. The basic wage, if it ever was a needs wage, was based on the requirements of "an average family". Assuming this to consist of a husband, wife and two children, where is the logic in advocating that a single elderly person should receive half this amount?

Ironically the Combined Pensioners are now within sight of their goal, not because of any major liberalisation in pension policy, but because basic wage increases have slowed down, and some obviously necessary concessions have been awarded to pensioners as living costs have risen. The basic wage in Victoria is now £15/7/-. A single age pensioner receives, with rent allowance, £7, which is 48% of the basic wage.

Age Pensions are often regarded as amounts which are based on an assessment of the minimum subsistence needs of an elderly person. They may be a reasonable income for subsistence. This is doubtful

and certainly not proven since there have never been any serious surveys made to determine adequacy. However, the Treasurer, Mr. Holt, has on several occasions stated that pensions are regarded as supplements to income from savings, or assistance from relatives.

The figure of "Average Weekly Earnings Per Employed Male Unit" is another source of misunderstanding. Announcements of current rates are usually given a bold headline in the Press and it deserves prominence. It is an important indicator but it easily leads on to a belief that all's well in the working man's world. The Australian average in 1964 was £25/9/-. The average "Male Unit" in March of this year was receiving £26.

Many people find it easy to forget that this is, in fact, an average made up of a small number of higher paid workers and salaried employees, many receiving well above the average, and a majority of workers who are below the average. Elaine Martin pointed to a survey of weekly earnings that showed that 26 per cent of adult males in Victoria earned less than £20 and 41 per cent less than £22 at a time when average weekly earnings of the "Male Unit" were £24.

Accepting that the basic wage is not a needs wage, realising that the figure of average weekly earnings per male unit is in fact an average, knowing that the age pension is not intended to be the sole means of subsistence, the way is clearer for some suggested improvements.

### Pensions

The social policy of Australian political parties has been confined to promises for minor rate increases here and there and the removal of some obvious anomalies. Yet the most urgent question is whether wages and pensions policies should be aimed at maintaining people on a subsistence standard, or at levels which give these sections of the community some share in the common weal.

An obvious first step is to try and ascertain as scientifically as possible the needs of various groups of elderly, invalid and widowed people. This has never been done as far as we know. One likes to think that the Department of Social Services makes some checks as to basic adequacy as well as to cost of living changes, but if so the results are never made public. Two or three standards could be established, one based on reasonable minimum requirements, the others aimed at giving pensioners a share in current prosperity. With information of this kind, basic rates could be decided that would have some relationship to need, and would be seen as such.

Even then, there would still be some people with special needs that could not be met from their pension. A form of Special Assistance should be introduced as a last line of defence against need. It would be important to avoid the danger of Special Assistance being used to hold down basic pension rates. This happened for several years in the UK with National Assistance. It would be cheaper to make special grants to the most needy, than to give all recipients a fairer share in prosperity by raising basic rates.

The other problem about pensions is the basis for change in rates. Increases usually take place before or after elections, or when the cost of living has obviously outstripped the budgetting ability of a pensioner. The new rate should be fixed as a proportion, not of the basic wage, but of average weekly earnings which is a more accurate reflection, not of basic needs, but of standards of living.

Each pension increase lifts the means test level, but total abolition should not be contemplated until the most depressed group of age, invalid and widow pensioners have been given a greater measure of social justice.

Mr. K. C. Wilson, a member of the Government's Social Services Committee, has said that the Committee is favourably inclined toward a system of contributory national insurance. This proposal should be examined closely, particularly for its effect on the poorest groups. It could affect them adversely, as the main source of income would be flat rate contributions which bear more heavily on low income groups than does progressive taxation, the present method of financing pensions.

### Family needs

In the days when there was a stronger "needs" element in the Basic Wage, it was recognised that the wage did not make allowance for the cost of keeping more than two or three children. Child endowment was introduced to help the larger families. Introduced by the Menzies Government in 1941 it provided five shillings a week for each child after the first. Since then the increases have been few. The rate was increased by 2/6 a week in 1945 by the Curtin Government and in 1948 by the Chifley Government. In 1950 the then Mr. Menzies, with an obvious eye to the elections, offered to pay endowment for first children. (Dr. Evatt made a similar move in 1959 in offering to abolish the means test on all age pensions. Both promises show the irrationality and expediency of much pensions policy.)

Provision of child endowment for the first child was a vote-catching bonus for every family in Australia, but the extra 5/- divided by 3, 4, 5, 6 or more children in the larger families was worthless and the original purpose of child endowment, assistance to larger families, was repudiated.

Until recently the Labor Party has not shown much enthusiasm for substantially higher child endowment. This may be due to trade union concern that higher rates of endowment would make it more difficult to argue for a higher basic wage and margins before the Arbitration Commission. Child endowment now provides 5/- for the first child; 10/- for the second; and 15/- for the third and subsequent children.

In a bid to increase births, Mr. Santamaria is now campaigning for increases up to 30/- for the third child, 35/- for the fourth and £2 for the fifth and other children. He claims that these increases would cost no more than £25 million.

Increased child endowment is the simplest and most direct method of assisting low income and particularly large families, even if Mr. Santamaria says so! With limited resources available funds could be concentrated on larger families if a means test was applied, but the savings would not be great and administration of the means test would be costly.

Low cost housing, rebated rents, assistance for medical and dental aid and for school books are useful secondary measures of assistance but they can become a justification for keeping wages and pensions at a low level. This produces a group of third class citizens dependent on goodwill and always having to prove their poverty before they can be aided. This is not only socially undesirable but damaging to the self respect of low income families, the aged and others dependent on pensions.

### "Case poverty"

Professor Galbraith used the term "Case Poverty" to describe people whose poverty stems from their inadequacies in coping with life in a modern society. A higher wage or increased child endowment will not help the family whose breadwinner is an alcoholic already spending half his income on liquor. The tax-payer cannot be expected to provide a housekeeper and all that might be required

by a partly senile old lady still trying to live at a standard to which she was accustomed in more affluent days. There are many individuals and families who for a variety of reasons cannot cope with the more sophisticated procedures of modern living. There are mothers, usually deprived in their childhood, who are hopeless housekeepers and managers, and their family's standard of living is at poverty level as a result. There are men who cannot or will not hold regular employment and their families suffer. Mindful of the beam in our own eye, we know that there are others who make poor use of resources available to them. These are the areas of need where trained social workers and improved welfare and counselling services can make the most valuable contribution, but case poverty is as yet seldom understood or recognised by legislators.

#### Aid, but not to those in most need

There is a tendency to devise assistance schemes which are helpful to many people but not to those in greatest need. The Commonwealth home loan subsidies may assist young people with savings, but they do not aid those who cannot reasonably be expected to raise their share of the deposit for home purchase.

The Commonwealth subsidises accommodation for the aged provided by Church and voluntary organisations but provides no subsidy at all for public housing of really low income families, widows or invalid pensioners. It makes no contribution to the cost of rent rebates. It merely lends money at interest rates to the States for housing.

There is also a trend on the part of State housing authorities to concentrate on people in the slightly higher income groups who have deposits for home purchase. These are more numerous and have more votes. Deposits are low, but still beyond the means of many.

Commonwealth scholarships are now available to children of the wealthiest yet poor parents find the cost of books and uniforms beyond their resources.

In Victoria there is another anomaly. Foster parents who take responsibility for caring for a child receive an allowance of £2/15/- a week, which is not over-generous. But the maximum rate payable to a deserted wife or widow who is struggling to keep her own children is 35/- a week.

Reduced taxation is often advocated as a way of providing relief for families. This would assist those with incomes of £20 to £30 a week but a breadwinner with a wife and four children and an income of £930 a year now pays only £27 in tax after deduction claims for dependents and other eligible expenses.

Flat rate contributions for Hospital and Medical Benefits also bear much more heavily on the low income family man than on higher income earners. The existing schemes of assistance are in themselves beneficial, but so often they stop short of those in greatest need.

Overall social conditions are better in Australia than in most, if not all, other countries, but there is deprivation and lack of opportunity on a wider scale than is commonly recognised. Instead of justifying ourselves by saying how much better things are now than they were in the past, we should be wondering how much better they could be for many more people if we stirred from our present complacency.

The economic justification for reform which is so often needed to support humanitarian arguments is well expressed by Gunnar Myrdal. "Redistribution and increasing purchasing power," he says, "can be regarded as laying the basis for expansion of the economy as well as the furtherance of social justice. Never has there been a more complete identity between the ideals of social justice and the requirements of economic progress."