

# Towards a New Poverty Reduction Agenda: Principles and Actions

SPRC

---

Peter Saunders

Social Policy Research Centre  
University of New South Wales

Anti-Poverty Week Lecture to the Catholic Social  
Services Conference on *Social Inclusion: An Agenda  
for All Australians*, Brisbane 13 October 2008

## What is Poverty?

- ◆ **Poverty – people are living in poverty if their incomes are so inadequate as to preclude them from having an acceptable standard of living (Irish Combat Poverty Agency)**
- ◆ **Two approaches to measurement:**
  - **compare actual incomes with an adequacy benchmark → poverty line studies**
  - **compare actual living standards with what the community regards as acceptable → deprivation studies**

## Limitations of the Poverty Line Approach



- ◆ **Studies of statistical (income) poverty lack credibility**
- ◆ **Results are too dependent on a single poverty line**
- ◆ **Income reported in surveys is inaccurate**
- ◆ **Poverty is more than just a lack of income: it is often multi-dimensional in terms of causes and consequences**
- ◆ **These problems provide government with a reason to ignore the findings (and for policy inaction)**
- ◆ **Research must reconnect with the realities of poverty**

# What Is Social Exclusion?



## Social Exclusion Unit (SEU):

'A short-hand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environment, bad health and family breakdown'

## Poverty and Social Exclusion (PSE) Project:

'Social exclusion is a complex and multi-dimensional process. It involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in society, whether in economic, social, cultural, or political arenas'

## Centre for the Analysis of Social Exclusion (CASE):

'An individual is socially excluded if he if she does not **[have the opportunity to]** participate in key activities in the society in which he or she lives'

## Features of Social Exclusion

- ◆ It is multi-dimensional and requires a flexible approach to definition and measurement (Indicators not measures)
- ◆ The different forms of exclusion are best kept separate → no overall index of exclusion
- ◆ It focuses on outcomes, although the processes and actions that lead to exclusion are also important
- ◆ Emphasis on relationships, not resources
- ◆ Qualitative studies required to help identify the underlying processes
- ◆ Leads naturally to “joined-up thinking” and multi-level responses

## The Current Policy Context



- ◆ The Rudd Government has acknowledged that “social exclusion is a significant barrier to sustained prosperity and restricts Australia’s future economic growth”
- ◆ It has appointed the first Federal Minister for Social Inclusion and established a Social Inclusion Board
- ◆ Social Inclusion emerged as an important theme during the 2020 Summit
- ◆ Policy priorities (homelessness; mental health) raise issues about exclusion and inclusion
- ◆ Targets are on the agenda (e.g. climate change) and so is (almost!) poverty (e.g. Pensions Review)
- ◆ Commonwealth-State relations are improving

## Recent Developments in Poverty Research



- ◆ Acknowledgment that arbitrary income benchmarks (e.g. 50% of median income) provide a valuable tool for comparing groups and tracking changes
- ◆ Switch in emphasis away from income studies towards those that focus on living standards more directly using a deprivation approach
- ◆ Deprivation reflects an “enforced lack of socially perceived necessities” – it shifts definitional judgments away from the experts and onto the community
- ◆ The poverty measures used to support official poverty reduction targets combine low income benchmarks with evidence of deprivation - “consistent” or “validated” poverty

## Is Poverty the Issue?

- ◆ Low-income is major a source of disadvantage and a cause of other social problems
- ◆ Income support is one of the main forms of assistance to disadvantaged Australians
- ◆ Over 82% of CUPSE respondents agreed that “Incomes at the bottom are too low and should be increased
- ◆ 32% think that poverty in Australia is “a big problem”, and 13% describe themselves as being poor
- ◆ 53% think that those with low incomes have done very or fairly badly over the last 10 years or so
- ◆ 69% agree/strongly agree that the (income) gap between rich and poor is too great

## Data Developments

- ◆ The ABS has improved the quality of its low-income statistics
- ◆ Combining ABS surveys (e.g. HES 2003-04) provides broader measures of economic resources
- ◆ The ABS *General Social Survey* provides some useful insights into aspects of social exclusion
- ◆ Longitudinal surveys (e.g. HILDA/LSAC) provide valuable information into the dynamics of poverty
- ◆ Administrative data sets (e.g. LDS) allows at-risk groups to be tracked through time, and across payment categories

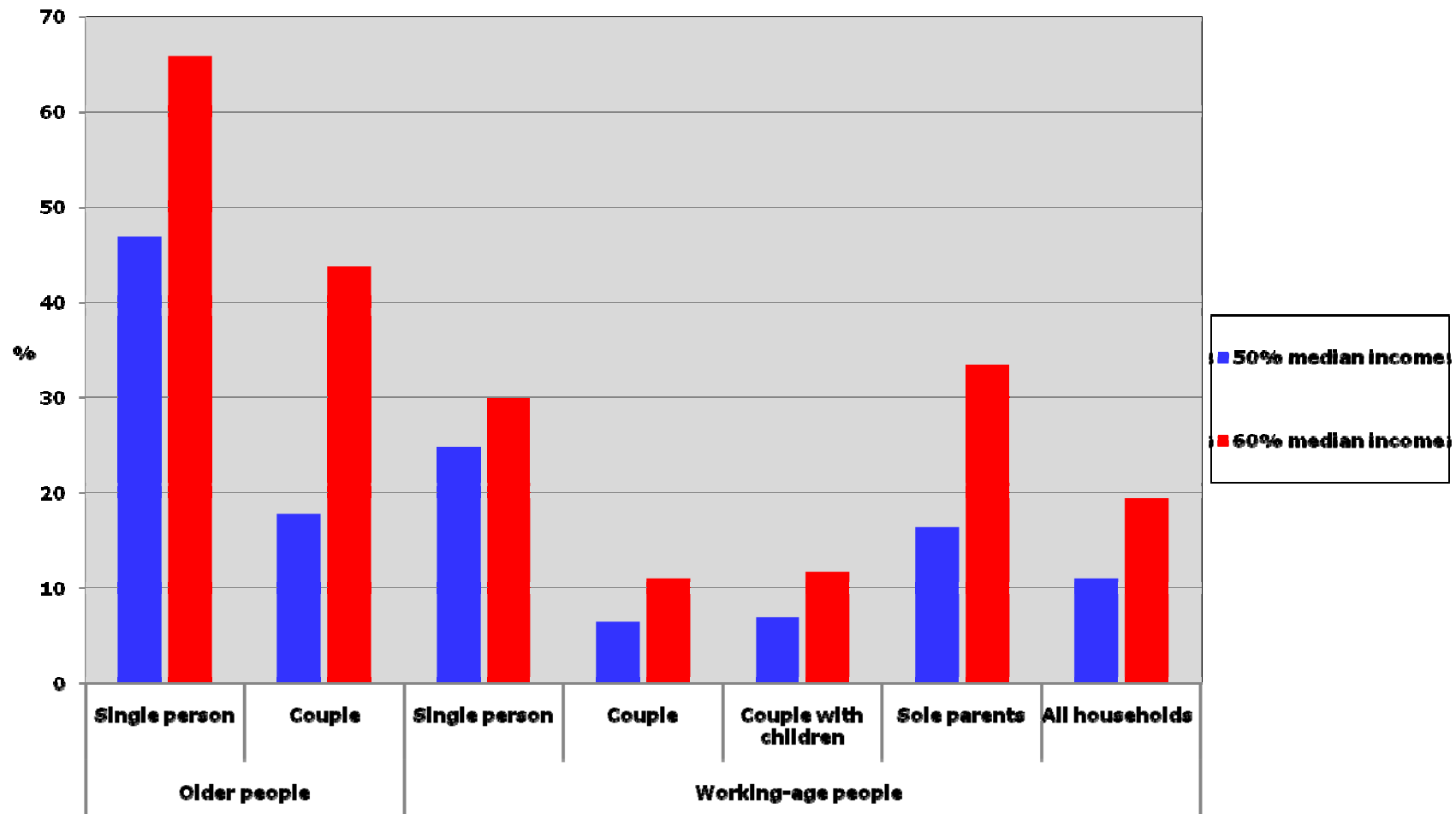
**BUT**

- ◆ Australia lacks, but **URGENTLY NEEDS** a large national survey of social exclusion and deprivation

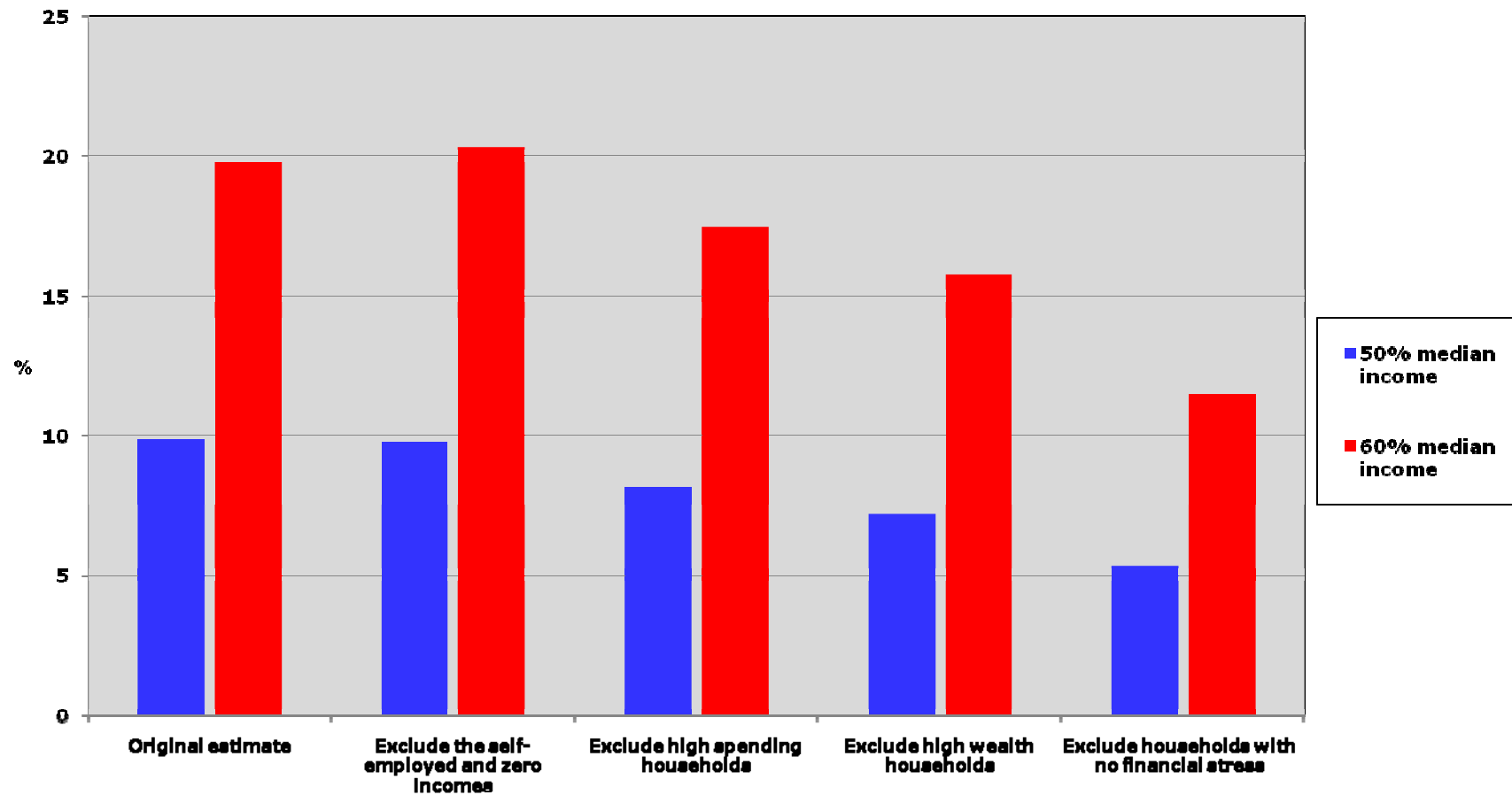
## Forms of Exclusion

Centre for the Analysis of Social Exclusion (CASE)	Poverty and Social Exclusion Survey (PSE)	The SPRC Study (CUPSE)
<b>Consumption exclusion</b>	<b>Impoverishment</b>	<b>Economic exclusion</b>
<b>Production exclusion</b>	<b>Labour market exclusion</b>	
<b>Political engagement</b>	<b>Service exclusion</b>	<b>Service exclusion</b>
<b>Social interaction</b>	<b>Exclusion from social relations</b>	<b>Disengagement</b>

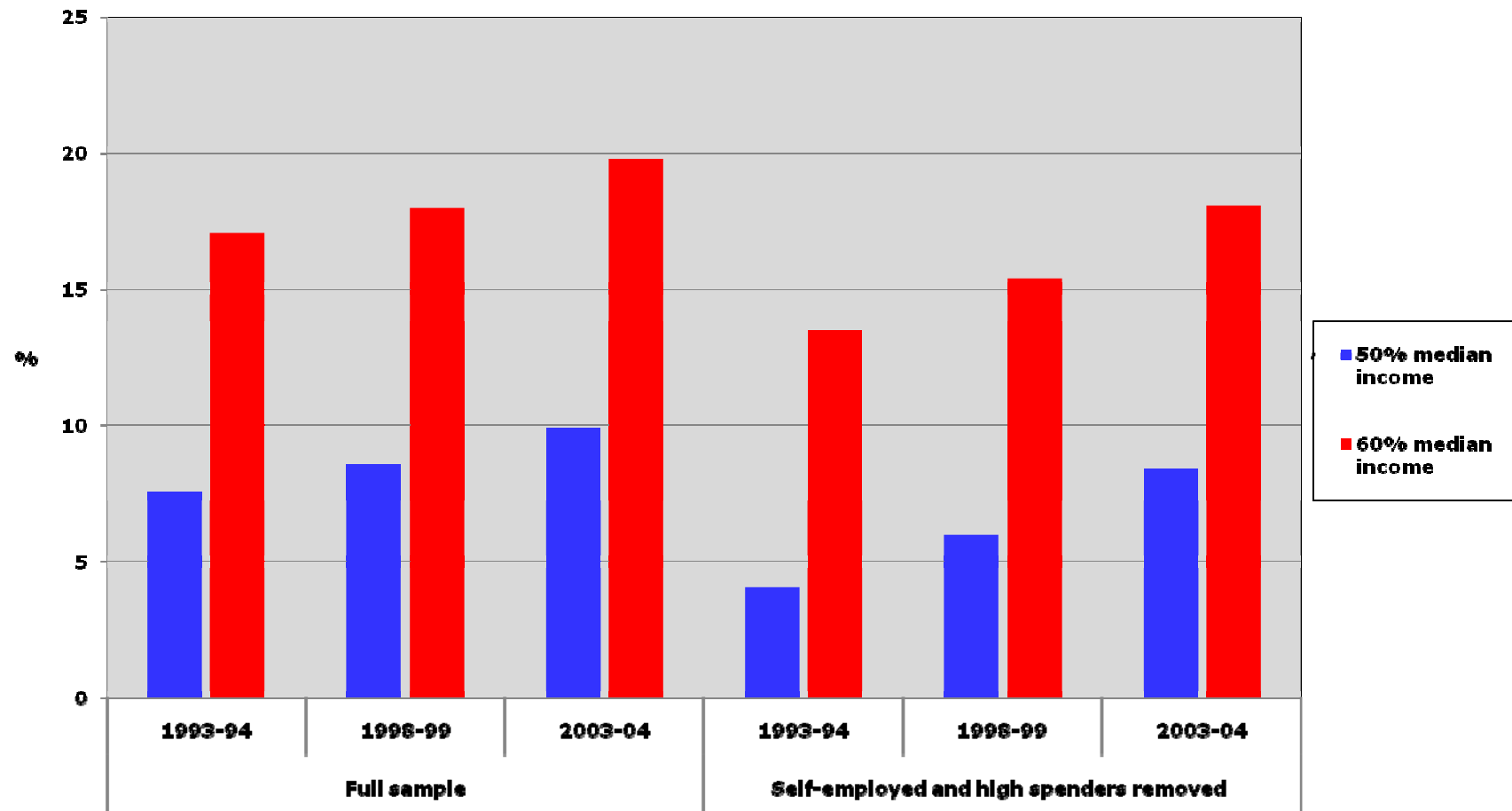
# Income Poverty Rates in 2005-06



# Economic Resources and Poverty in 2003-04



# Trends in Poverty, 1993-94 to 2003-04



# Poverty and Social Exclusion – The Left Out and Missing Out Project



- ◆ An ARC-funded collaboration between poverty researchers at SPRC and community sector analysts

Mission Australia, Brotherhood of St Laurence, Anglicare (Sydney) & ACOSS

- ◆ Aim: to develop new indicators of disadvantage built on the insights provided by those in poverty and working at the coalface of poverty relief
- ◆ Focus group discussions with welfare service clients and agency staff, and two related surveys designed to identify:

What are the essentials of life?

Who has them?

Who does not have and cannot afford them?

# Forms of Exclusion and Exclusion Indicators



---

## Disengagement (9 indicators)

**No regular social contact with other people**; no participation in community activities; does not have a social life; **no annual week's holiday away**; **children do not participate in school activities/outings**; no hobby or leisure activity for children; couldn't get to an event due to lack of transport; could not pay one's way; unable to attend a wedding or funeral

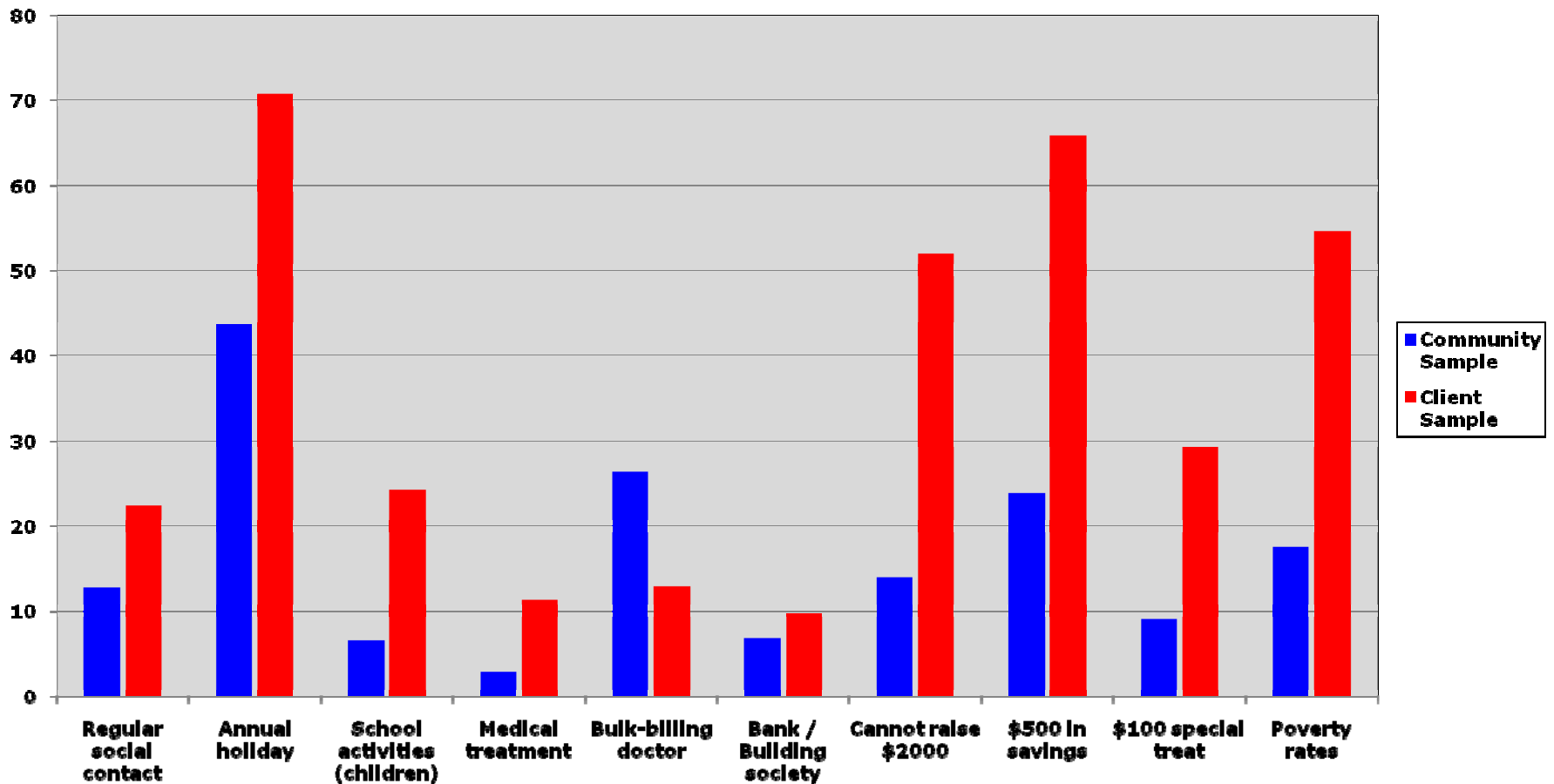
## Service Exclusion (10 indicators)

**No medical treatment if needed**; no access to a local doctor or hospital; no dental treatment if needed; **no access to a bulk-billing doctor**; no access to mental health services; no child care for working parents; no aged care; no disability support services; **no access to a bank or building society**; couldn't pay electricity, water, gas or telephone bills

## Economic Exclusion (8 indicators)

**Does not have \$500 in emergency savings**; had to pawn or sell something; **could not raise \$2,000 in a week**; does not have \$50,000 worth of assets; **has not spent \$100 on a 'special treat'**; does not have enough to get by on; currently unemployed; lives in a jobless household

# The (Selected) Incidence of Social Exclusion



## Overlap between Poverty and Social Exclusion



---

	<b>Community Sample (%)</b>	<b>Client Sample (%)</b>
Poverty rate	17.7	54.7
Exclusion rate ( $\geq 8$ )	17.9	57.3
Percentage in poverty who are excluded	36.6	65.6
Percentage in poverty who are disengaged	29.5	39.2
Percentage in poverty who are service excluded	29.7	39.8
Percentage in poverty who are economically excluded	35.1	82.7

---

# The Changing Composition of Disadvantage

---



## Of the community sample:

- 16.9% are older
- 7.9% are single, working-age
- 49.3% have children

## Of the poor:

- 19.9% are older
- 4.9% are single, working-age
- 49.8% have children

## Of the excluded:

- 9.1% are older
- 15.0% are single, working-age
- 51.4% have children

## Of the poor and excluded:

- 11.0% are older
- 7.1% are single, working-age
- 58.7% have children

## The Nature and Role of Poverty Reduction Targets



- ◆ **“The Committee believes that there is an urgent need for a comprehensive national approach to the alleviation of poverty in Australia ... Targets related to poverty alleviation need to be set as part of a whole of government strategy to fight poverty” (Senate Poverty Report)**
- ◆ **“There was broad support for the development of a national strategy or action plan to address poverty, including the establishment of an independent Poverty Commission to set minimum standards for income and entitlements. The strategy ... would involve clear evidence-based targets and goals. It was envisaged that a Poverty Commission would be independent of government” (2020 Summit Report)**

## Nature and Role of Targets

- ◆ Poverty reduction targets provide:
  - A focus of attention on the issue
  - A framework for action
  - Political legitimacy (and access to resources)

But they need to be realistic and achievable

- ◆ Developing better measures (through consultation) is an important part of the process
- ◆ The consultation process will promote discussion and generate new ideas
- ◆ The use of targets will change the content and dynamics of policy
- ◆ We have much to learn from overseas experience

## The UK Experience with Child Poverty Reduction Targets



- ◆ **The Commitment:**
  - to eradicate child poverty by 2010
  - to reduce it by one-quarter by 2004-05
  - to reduce it by one-half by 2010-11
- ◆ **An extensive and inclusive process of consultation over measurement issues – tiered approach adopted**
- ◆ **The 2004-05 target was met but the 2010-11 will almost certainly not be**
- ◆ **The child poverty rate fell by almost 4 percentage points between 1998-99 and 2006-07, and 600,000 children have been raised out of poverty (Source: Institute of Fiscal Studies)**

## Implications for Australia



- ◆ **Setting targets for child poverty is the best place to start (Bob Hawke was right after all!)**
- ◆ **The new social inclusion agenda provides a unique opportunity to make poverty reduction a priority**
- ◆ **We will need a combination of relative income and deprivation measures**
- ◆ **Recent studies suggest that the child poverty rate in 2005/06 was around 10% (SPRC and FHACCSIA) - this implies that around 410,000 children were in households below the poverty line**
- ◆ **A realistic and achievable target would be to reduce the child poverty rate to 5% by 2015 – a rate that is similar to that already existing in Scandinavia**