

# A Fair Queensland Means Opportunities for Everyone

## Anti-Poverty Week Statement 2011

Based on the most recent population estimates nearly half a million Queenslanders (478,734 people) are living below the poverty line.<sup>i,ii,iii</sup>

### People in Queensland are doing it tough, tougher than we would like to think!

Since the rate of poverty was last calculated, Queensland has experienced a number of events which have negatively impacted the economy. First was the Global Financial Crisis then the recent summer of natural disasters.

Parts of the economy are strong. The mining boom has created more overall wealth. However, we are living in a highly unequal, two-speed economy. Some Queenslanders are doing really well. Many others are not.

More and more Queenslanders are turning to community and social service organisations for help with many more people being turned away. In 2009/10:

- Support provided by community organisations increased by 7 per cent from the previous year.
- There was a 6 per cent increase in the number of times people were turned away after requesting assistance due to a lack of available resources.<sup>iv</sup>
- There was a 73 per cent increase in demand for financial services from the previous year.<sup>v</sup>

### Who is likely to be living in poverty?

Unemployment is a strong factor contributing to poverty in Queensland. It affects some people more than others.

- Aboriginal or Torres Strait Islander people in Queensland had an unemployment rate three times that of the general population (9.8 per cent in comparison to 3.7 per cent)<sup>vi</sup>.
- The unemployment rate for young people in Australia was more than double that of the general population (12 per cent in comparison to 5.7 per cent).<sup>vii</sup>

Despite the economic boom from mining, unemployment in Queensland is rising.

- Unemployment rose to 6.2 per cent in Queensland in August, one per cent higher than the national average.

### What is Poverty?

*It means lack of basic capacity to participate effectively in society... It means insecurity, powerlessness and exclusion of individuals, households and communities.*

*UN Social and Economic Council*

There are many ways to measure poverty.

### Basic Needs

Poverty can be measured by considering whether people have the capacity to meet their basic needs. Basic needs are the absolute minimum level of resources needed for long-term well being, measured with regards to their consumption.

### The Poverty Line

A conventional method of measuring poverty is the poverty line. The poverty line is a measure of the minimum level of income necessary to achieve an adequate standard of living. The OECD defines the poverty line as half of median income.

While unemployment is an obvious indicator of poverty it is not just those who are unemployed who are at risk of poverty.

Underemployment is also a significant issue with part-time and casual workers wanting to work more hours but can't. Women and young people comprise the majority of underemployed people. In May 2011, there were 180,000 underemployed Queenslanders.<sup>viii</sup>

People on an aged or disability pension are also at a high risk of poverty because of the low level of income available to meet everyday cost of living expenses. Over two million people in Australia receive the aged pension and an estimated 900,000 people are on a disability support pension. These provide only \$344.50 per week to live on.<sup>ix</sup>

### More people are experiencing financial stress

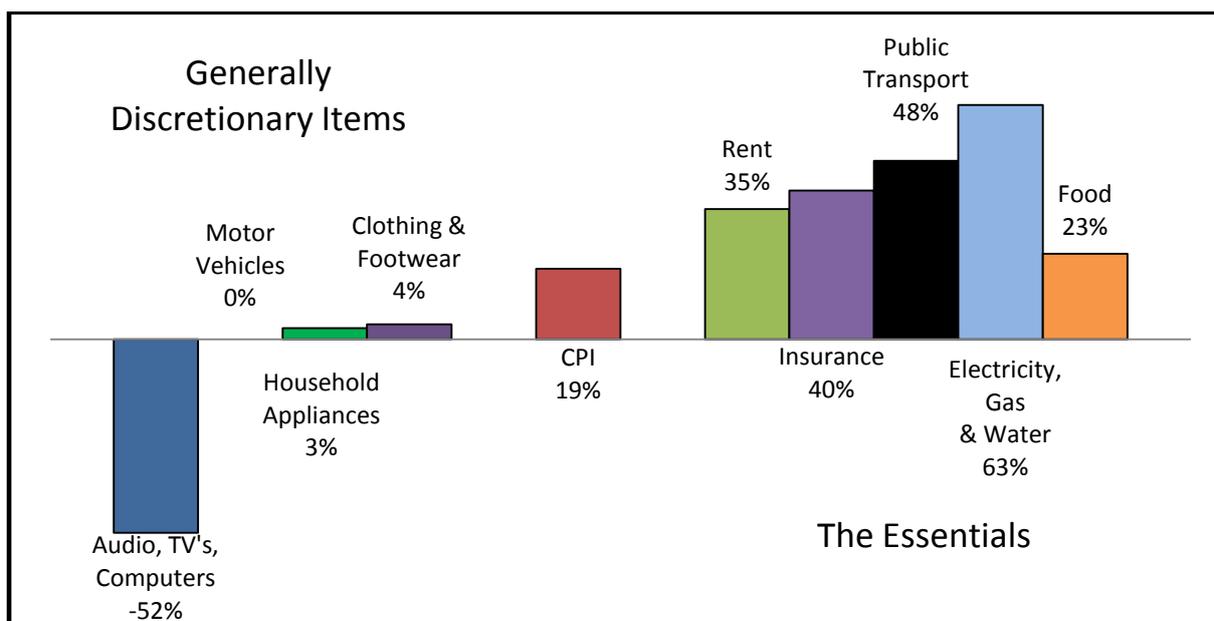
Queenslanders are facing increasing financial stress. Financial stress indicators include situations where people: could not pay electricity, gas or telephone bills on time; went without meals; were unable to heat their home; could only mostly afford second hand clothing; or sought assistance from community or welfare organisations.

- Almost half of all households where the main source of income is government pensions and allowances experienced three or more indicators of financial stress in the last 12 months. This is double the rate of the general population.<sup>x</sup>
- For people surviving on the Newstart allowance, 79 per cent experienced three or more financial stress indicators in the last 12 months.<sup>xi</sup>

### Why are so many Queenslanders facing financial stress?

There are two interlinked reasons why Queenslanders are facing increasing financial stress despite the economic growth taking place in the broader economy.

#### The cost of essentials is rising faster than CPI



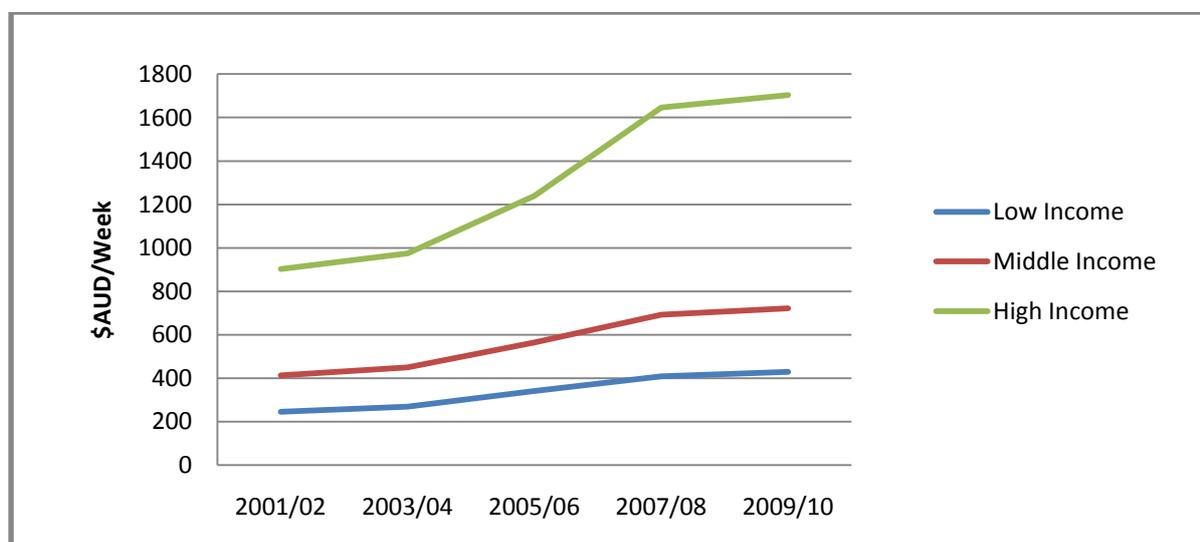
Changing cost for essential versus discretionary items in Brisbane for last five years<sup>xii</sup>

We keep hearing that there isn't a cost of living crisis because average wage growth is outpacing increases in the Consumer Price Index. However, as the QCOSS *Cost of Living* report shows the cost of essential items, the basic needs items required for long-term well being, are rising much faster than CPI<sup>xiii</sup>

We know from the Household Expenditure Survey that people on unemployment benefits are doing it tougher than others.

The fact that Newstart is increased in line with overall CPI, in the face of evidence showing that the cost of essentials are increasing faster than CPI, unfairly impacts on job seekers struggling to meet their basic needs. While income support is a federal issue, the Queensland government could do more to support Queenslanders looking for work by making transport and other concessions available to this group.

### **The gap in income between the rich and poor is widening**



**Mean equivalised disposable household Income Per Week**  
(Source: ABS 2003, 2005, 2007, 2009, 2011)

As the graph above shows, wage growth for low income households is slower than for high income households in Australia.

- From 2001/02 to 2009/10, income growth for high income households was over 88 per cent, whereas income growth for low income households was only 75 per cent.<sup>xiv</sup>
- Households in the low income group earn on average one-quarter of the average income of households in the high income group.

The situation is worse when we look at net worth.

- In 2009/10, the poorest 20 per cent of households in Australia had an average net worth of only \$31,829. In contrast, the wealthiest 20 per cent of households in Australia had an average net worth of \$2.2 million—almost 70 times more.<sup>xv</sup>
- To put this in another way, the poorest 20 per cent of households held only 1 per cent of total household net worth. The wealthiest 20 per cent of households held 62 per cent.<sup>xvi</sup>

## Providing opportunities for everybody makes cents!

Research tells us that reducing inequality and building skills, motivation and opportunities for low income earners will deliver Queensland increased productivity of up to \$11 billion.<sup>xvii</sup> The research also suggests that societies with a smaller gap between rich and poor have better overall health and social outcomes.<sup>xviii</sup>

QCOSS urges the adoption of a *Fair Queensland Plan* and commitment of funds to implement the vision and targets outlined in the plan. Such a plan would include a long term strategy to ensure that Queenslanders in poverty get the support they need.

This should include a fair, targeted concessions framework and investment in prevention and early intervention, education and training. These initiatives would give Queenslanders experiencing or at risk of poverty opportunities to earn a fair income and support themselves and their families.



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<sup>i</sup> Australian Bureau of Statistics 2011. *Qld Stats, Mar 2011*. cat. no. 1318.3 Accessed September 27, 2011.  
<http://www.abs.gov.au/ausstats/abs@.nsf/Products/9A36894B84562CA3CA257857000E5F3F?opendocument>

<sup>ii</sup> This figure is based on estimates of the last time we counted the number of people in poverty five years ago. In 2006, 10.6 per cent of the population or 391,227 Queenslanders were living in poverty.

<sup>iii</sup> Australian Council of Social Service 2007. *Australia Fair: Update on those Missing Out*.

<sup>iv</sup> Australian Council of Social Service 2011. *Australian Community Sector Survey 2011, Volume 5 – QLD*.

<sup>v</sup> Australian Council of Social Service 2011. *Australian Community Sector Survey 2011, Volume 5 – QLD*.

<sup>vi</sup> Council of Australian Governments 2009. *Closing the Gap*. Accessed September 27, 2011.

<http://www.communities.qld.gov.au/resources/atsis/government/programs-initiatives/closing-gap/2008-09-annual-report/ctg-0809-economic-participation.pdf>

<sup>vii</sup> Australian Bureau of Statistics 2009. *Australian Labour Market Statistics, Jul 2009* cat. no. 6105.0 Accessed September 27, 2011

<http://www.abs.gov.au/ausstats/abs@.nsf/featurearticlesbytitle/E188722766B31DA9CA2575E800225DC5?OpenDocument>

<sup>viii</sup> Australian Bureau of Statistics 2011. *Labour Force, Australia*. Cat no. 6202.0. Accessed September 14, 2011.

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6202.0Jul%202011?OpenDocument>

<sup>ix</sup> Centrelink 2011. *Aged Pension: Payment rates*. Accessed September 27, 2011.

[http://www.centrelink.gov.au/internet/internet.nsf/payments/age\\_rates.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/age_rates.htm)

<sup>x</sup> Australian Bureau of Statistics 2011. *Household Expenditure Survey, Australia: Summary of Results, 2009-10*. Accessed September 15, 2011.

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/6530.0Main%20Features12009-10?opendocument&tabname=Summary&prodno=6530.0&issue=2009-10&num=&view=>

<sup>xi</sup> Australian Bureau of Statistics 2011. *Household Expenditure Survey, Australia: Summary of Results, 2009-10*. Accessed September 15, 2011.

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/6530.0Main%20Features12009-10?opendocument&tabname=Summary&prodno=6530.0&issue=2009-10&num=&view=>

<sup>xii</sup> Queensland Council of Social Service 2011. *Cost of Living Report 2011*. West End: QCOSS.

<sup>xiii</sup> Queensland Council of Social Service 2011. *Cost of Living Report 2011*. West End: QCOSS.

<sup>xiv</sup> Australian Bureau of Statistics 2011. *Household Income and Income Distribution, Australia*. Cat. no. 6523.0. Accessed September 14, 2011.

[http://www.abs.gov.au/AUSSTATS/subscriber.nsf/log?openagent&65230\\_2009-10.pdf&6523.0&Publication&DBE855896D8CA36DCA2578FB0018533C&&2009-10&30.08.2011&Latest](http://www.abs.gov.au/AUSSTATS/subscriber.nsf/log?openagent&65230_2009-10.pdf&6523.0&Publication&DBE855896D8CA36DCA2578FB0018533C&&2009-10&30.08.2011&Latest)

<sup>xv</sup> Australian Bureau of Statistics 2011. *Household Income and Income Distribution, Australia*. cat. no. 6523.0. Accessed September 14, 2011.

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<sup>xvi</sup> Australian Bureau of Statistics 2011. *Household Income and Income Distribution, Australia*. cat. no. 6523.0. Accessed September 14, 2011.

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<sup>xvii</sup> Mangan, J. 2009. *Implications for the Queensland Economy from the World Economic Conditions*. Accessed September 22, 2011.

[http://www.qcoss.org.au/sites/default/files/Qld%20Economy%20Report%20-%20John%20Mangan%20QCOSS%20-%202027%20May%2009\\_0.pdf](http://www.qcoss.org.au/sites/default/files/Qld%20Economy%20Report%20-%20John%20Mangan%20QCOSS%20-%202027%20May%2009_0.pdf)

<sup>xviii</sup> Wilkinson, R. and Pickett, K. 2009. *The Spirit Level: Why More Equal Societies Almost Always Do Better*. London: Allen Lane.