



**Senate Community Affairs References Committee –
Inquiry into Poverty in Australia**

We would like to thank the Senate Community Affairs Reference Committee for granting the broader community an opportunity to make input into such an important and grinding issue. Please find below the input of Fairfield Migrant Resource Centre on the situation of poverty affecting the Fairfield Local Government Area.

Poverty in Fairfield

Poverty is a complex phenomenon that is easily subject to politicisation in order to discount its significance. At a local level where figures/incomes and human existence contest policy, the reality is much harder to rationalise away. In fact, if we are to talk about unemployment using current policy rhetoric the figures for the local ESA hover around a significant level of 20,000. The real unemployment figures stripped of this rhetoric exceed **60,000¹**.

Material Poverty

One of the most common means of measuring poverty has been in relation to material wealth, in particular money. They are convenient methods of measurements because they are relatively easy to quantify.

Several perspectives assert that a lack of money is more a symptom of poverty rather than its cause. Commonly, the poor are not without an income; what they lack is the ability to improve that income or to benefit from it; a key factor in the creation of wealth and breaking the cycle of poverty². This does mean that income support is not a determining factor in the experience of poverty, but that the means in which marginal incomes are arrived at need to be explored and investigated.

In any case Fairfield's residents have one of the lowest collective incomes in the country. This can be largely attributed to the high rates of income support dependency, considerable proportion of unskilled labourers, high incidence of outworkers and an overall low rate of upward social mobility. In Fairfield poverty is not just about income levels and financial assistance, poverty is a lack of access to the resources that people need to participate in, and maintain, an acceptable standard of social and economic life.

Poverty for the many people of Fairfield living in financial hardship means not being able to pay for essential services, not being able to provide for educational expenses,

¹ Centrelink Data - Populations 2002 Qtr 4.

² 'Worlds Apart: Postcodes with the highest and lowest poverty rates in today's Australia, Lloyd, Harding & Greenwell, National Social Policy Conference, July 2001

not being able to afford to use public transport, and waiting on any income (from work or from welfare payments) to cover constant expenses. This pattern of interconnected social problems exacerbated by financial hardship is crucial to understanding poverty in Fairfield for the working poor, the underemployed and the unemployed.

Poverty of Access

A vast number of Fairfield's residents live in either overcrowded public housing or low cost rental accommodation.³ The demand for priority housing for this area is purported to be 3 years long and the queue for public housing in general is set at 15 years. A large number of the new arrivals to Fairfield are in fact newly arrived humanitarian entrants, many of whom are waiting for housing in emergency, temporary, overcrowded or inappropriate accommodation. Public housing in Fairfield is often located away from public transport linkages and are put out of the sight of housing areas whose value maybe compromised by their proximity to low cost or public housing.

In addition, Fairfield residents often do not have access to basic infrastructure and services. Many families experiencing homelessness are effectively forced to live in illegal and informal settlements because they cannot access the private housing market. The reasons for high concentrations of unemployed, refugees and other socially disadvantaged groups in low cost housing are closely related to the manner in which the labour market, housing and welfare systems are regulated.

Local facilities to which the poor in Fairfield do not struggle to access are the myriad of gambling facilities that decorate the local socio-scape. Given the lack of gambling services in the area there is much difficulty in accurately estimating the extent of this social problem. However, as the Migrant Resource Centre provides a number of casework services, our sense is that a considerable proportion of services such as domestic violence and emergency material aid inquiries are gambling related.

The lack of basic social infrastructure and locations on the social fringes often translate into higher rates of sustained social and health problems that could have been prevented had they been in closer proximity to social / health services. The consequent higher stress, lost working days and early demise of income earners further exhausts their marginal income and cements the cycle of poverty.

Similarly, children of the poor are unable to access good education. Often the standards and facilities of the educational institutes they can afford are lower than those available to children of higher-income groups. Moreover, poor children often drop out of school earlier to support their families. Poor education also contributes to entrenchment of the cycle of poverty. Likewise young people from refugee backgrounds continue to be overrepresented in school attrition, informal and formal short and long suspensions.

³ ABS Census 2001; Fairfield BCP: B 18

Poverty of Influence

As a feature of mainstream society, both the formal structures of government and the culture of governance tend to exclude the poor from the decision-making process, which is further conflated by complex populations that include a mix of both migrant poor and safe opposition seats. The poor have a greater possibility to influence decision-making under conditions of marginal seats and especially during particular periods during the electoral cycle. Government has an obligation to provide a system of government and a culture of governance that is participatory, inclusive, responsive to the needs of the population, as well as being efficient, transparent and accountable, irrespective of when the next election looms.

Another important aspect of power is information. In Fairfield information is scarcely provided in mediums that are made relevant or accessible to the diverse population. These people generally lack access to information that they can use to improve their livelihoods whether it is with regards to the Internet, labour market, health care system, financial networks, legally or otherwise. Even the most available source of information, media, is not always accessible to the Culturally and Linguistically Diverse population in Fairfield.

(c) The effectiveness of income-support payments in protecting individuals and households from poverty

Centrelink income support

In our experience, the levels of income support paid to job seekers and other welfare recipients barely covers the base costs of living. As a percentage the number of clients attending our service on the basis of material poverty ranges between 30-45%, whom often are struggling to support families on social security payments.⁴

Poverty increases the systematic barriers to full participation in education and employment; however, the current welfare reforms look to be aimed at deterring welfare recipients, rather than supporting them to overcome poverty. Income support from Centrelink has been misrepresented as a cause of poverty⁵, when in reality social security payments are the last resort people have to avoid poverty. The payments from Centrelink are well below what most Australians consider they need just to get by, let alone the difficulties faced by Fairfield's high incidence of refugees and newly arrived migrants.⁶

Income support payments are not protecting individuals and households from poverty. This is very clear when we look at our Energy Account Payment Assistance (EAPA) scheme for clients with utility bills, who are often in receipt of income support, but still struggling with financial hardship. The reports from our EAPA staff at the Fairfield Migrant Resource Centre are that a significant number of single aged pensioners are applying for assistance with their gas and electricity bills⁷. Often though, the demands are so great that only partial assistance can be offered with their

⁴ FMRC DIMIA Settlement Client Information System data

⁵ 'Poverty in Australia: Beyond the rhetoric', Saunders and Tsumori, CIS, 2002

⁶ DIMIA Settlement Data 2003; ABS Census 2001

⁷ FMRC DIMIA Settlement Client Information System data

bills, and the utility companies want a payment schedule before accepting partial payments. It is not only aged pensioners, but also many families on benefits are not able to pay their utility bills and other essential services, and so they cannot save any money for the future. In any case, what is obvious is that poverty in Fairfield has reached a critical point; where families struggle to sustain even the barest of essential services such as housing and electricity.

To begin with, the income support levels from Centrelink are maintained below the poverty line⁸ as a backhanded incentive against welfare dependency.⁹ This is further problematised by poor jobs growth, and a rigorous and punitive mutual obligation system¹⁰. The strict requirements for eligibility for income support are a disincentive for the migrant community, especially for CALD young people who end up dropping right out of the welfare system if their Youth Allowance is breached. If the number of job seekers assisted by the Job Network is going to increase, the providers in Fairfield will need more awareness of access barriers restricting participation, and better incentives to work with clients facing difficulties. There needs to be real regional development programs to attract employers to areas of high unemployment, and to encourage them to employ a permanent workforce.

The number of young people accessing the reviews and grievances procedures is very low, despite almost half of the Centrelink breaches being imposed on people under 25. The amount available on Youth Allowance is seen as not worth disputing, and the complaints process is too difficult to access, and so many young people in Fairfield just give up on income support, and rely on family and friends to survive¹¹. The Centrelink multicultural services also report very few referrals for young people, despite the high unemployment rates and high rates of breaching of young people for non-compliance.

The financial hardship caused by the disproportionate number of breaches imposed on Youth Allowance recipients and the resulting poverty is then compounded because in NSW travel concession eligibility is lost once a breach is imposed. Advance payments leading to large outstanding debts are a well-documented¹² trap of the Youth Allowance system, meaning that benefits are reduced over a long period to recoup a crisis payment.

The services in the Fairfield area that provide emergency relief to those living in poverty are now constantly over-stretched, and we are seeing very little from the government to provide a way out of poverty. Instead, the income support payments from Centrelink are increasingly difficult to obtain, and there are harsher penalties for

⁸ 'Poverty line up-date', BSL Library and Information Service, 2001

http://www.bsl.org.au/pdfs/poverty_line_update.pdf

⁹ 'Building a simpler system to help jobless families and individuals', A. Vanstone and T. Abbott, Commonwealth Department of Family and Community Services, p. 4

http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/programs/esp-welreform_simplesystem.htm

¹⁰ 'Kicking them while they're down... Youth Allowance and Youth poverty: an analysis of the cause and effects of breaches, penalties and debts in the Youth Allowance System'. Published by the National Welfare Rights Network – June 2002.

¹¹ Youth Allowance Evaluation: Report on community consultations undertaken April-June 1999

[http://www.facs.gov.au/internet/facsinternet.nsf/\\$FILE/Report2.pdf](http://www.facs.gov.au/internet/facsinternet.nsf/$FILE/Report2.pdf)

¹² Runaway youth debt – no allowance for youth, Published by the National Welfare Right Network, October 2002 <http://www.welfarerights.com.au/downloads/gt0102.doc>

any non-compliance. Decisions such as breaches from Centrelink take 28 days to be reviewed, and the Cabramatta Centrelink has one of the highest rates of breaches in the state, so unemployed clients will be left waiting for a decision to be reviewed without any income at all. These breaches are further penalising some of the most vulnerable people in our society and reducing their capacity to escape poverty. Entrenched poverty restricts the ability of whole families to comply with the requirements of the Centrelink Activity Test, and attendance at mandatory interviews, and then the subsequent breaches are a disincentive for any further engagement with social support services¹³.

Transport issues

A common contributing factor to Centrelink non-compliance in Fairfield is the cost of public transport, which is actually higher in low-income areas such as South-Western Sydney¹⁴. The public transport in Fairfield is mostly through private bus companies, which do not accept student concession cards, and so most journeys cost at least \$5 return. When compliance with the Activity Test requires attendance at Centrelink, referral to Job Network, and interview with Job Network, and then job interviews, the cost of public transport excludes an unemployed person receiving \$170 a week. People living in poverty are also more likely to receive fare evasion penalties, which if not paid then prohibit them from obtaining or using a driver's licence. This dilemma of movement has disastrous effects on employment prospects, education outcomes, social motivation, social isolation and social disengagement. The cost of movement for the purposes of shopping, basic interaction or the rare occasion of recreation comes at the expense of basic utilities such as telephone, electricity and water. In Fairfield almost a third of households do not own a car¹⁵, reflecting problems of isolation and lack of access.

Under-employment

Under-employment and casualisation in the Fairfield area are especially contributing to local poverty, with many employees not being able to work as much as they would like. The qualifications of skilled migrants are not being recognised without full-fee tertiary study upgrades, and this is obviously restricting access to full employment. The federal government should be recognising the value of the migrant workforce, and supporting the recognition of overseas qualifications in Australia, but in Fairfield many highly qualified migrants are living in poverty, working only casual or part-time in low-skilled occupations.

¹³ 'ACOSS submission to the Senate Community Affairs References Committee Inquiry into participation requirements and penalties', Australian Council of Social Service, 2002, http://www.acoss.org.au/info/2002/ACOSS_submission_AWT.doc

¹⁴ Making it fair, keeping it affordable: Transport Concessions in NSW, NCOSS Submission to Review of Public Transport Concessions in NSW, 1999, p. 7 <http://www.ncoss.org.au/bookshelf/transport/submissions/transport.pdf>

¹⁵ 'Resisting Disadvantage in Western Sydney', Randolph B, Urban Frontiers Program, Conference on Disadvantaged Communities in South West Sydney, 1999, <http://www.urbanfrontiers.uws.edu.au/publications/downloads/seminar/revisit.pdf>

In Fairfield there is not enough assistance for skilled migrants to find work, and the government is not doing enough to assist in employment growth. Instead we are seeing complex income support programs that require engagement with a range of departments, all requiring specific compliance. Centrelink has been trying to improve their procedures for CALD (culturally and linguistically diverse) clients with Multicultural Service Officers and Outreach Officers, but they are still clearly struggling to deliver culturally appropriate welfare to Fairfield's multicultural population.

Finally, income support is not employment, and cannot provide the full social participation and economic independence that a secure job ensures. In Fairfield we need a co-ordinated effort from government to respond to structural unemployment that is causing major social consequences across our area.

d) The effectiveness of other programs and supports in reducing cost pressures on individual and household budgets, and building their capacity to be financially self-sufficient.

Poverty and Government Programs

Several of the programs being offered by the federal government do not attend to the specific needs of poor families in the Fairfield area. In fact there is not a single program, nor an active configuration of programs that address the dire level of unemployment, and subsequent poverty in this area.

Job Network

We make two points on this topic, though there is extensive discussion about the function, purpose and effectiveness of this system elsewhere:

1. The Job Network is a model that can only be successful IF service providers are able to engage their clients, and by this, develop a holistic picture of their personal circumstances, labour market and non-market related. This again can only take place against the backdrop of positive employment growth and strong investment by industry. The Fairfield area has not had strong employment growth and as such employment placements have served only the interest of employment service providers and industry with the benefit of individual wage subsidies stemming from the flexible fee schedule of the Employment Service contracts.¹⁶ The fee schedule does not support long-term employment, as it is only viable to subsidise employers in the short term. The constant transition between work and welfare often causes periods where job seekers are devoid of income which in turn severely diminishes their ability to maintain modern essentials. In our experience the most common are as follows:

- Housing: Rents, Mortgage, Board, Rates
- Transport: Car repayments, insurance, registration
- Utilities: Electricity, Water, Telephone

¹⁶ National Economics, August 2001

2. The options presented to clients must not outweigh their capacity to fulfil or benefit from them. Given that participation is largely underpinned by motivation, overcommitting jobseekers with specialist needs will only lead to non-compliance and in turn a diminished capacity to actively engage with service providers. Non-compliance is also the largest cause of poverty amongst job seekers.

Migration and refugee issues

In Fairfield we have the largest refugee population in Sydney, and this community is also comprised of a high number of Temporary Protection Visas, and asylum seekers on bridging visas. The asylum seekers applying for protection visas while living in the community are not eligible for any social security, do not have any right to work, and so they have to support themselves while their application is processed. We are forced to turn away people on bridging visas because we cannot provide the food vouchers and emergency assistance they need. They are not eligible for any government assistance for the first six months, and after that there is only minimal aid from the Red Cross Asylum Seekers Assistance Scheme. These bridging visas are causing considerable strain on community welfare resources in Fairfield, which were already struggling to support the current refugee and migrant population.

Another example of bureaucratically regulated poverty is the two-year wait for social security payments for migrants, especially in the Family Reunion stream. We are now seeing the effects in increased demands on the community sector especially in the second half of the two-year wait, as even those in the Skilled Migration stream experience difficulties in using the Job Network, and securing stable employment. A common situation with Family Reunion visas is that a whole family will be subsisting on the single sponsor's income while parents are looking for work and settling into the community.

RAP – Regional Assistance Programme

Though Fairfield has one of the highest levels of unemployment there has been little effort made to address the increasing concentration of unemployment while employment prospects become more dispersed. The growing disparities of education, employment and income levels across greater western Sydney are most evident here in Fairfield.

Aside from the challenges of a volatile and struggling labour market, there are additional areas in which tailored government intervention can make inroads with respect to the specific employment problems of this area.

Pre-labour market entry discrimination is prevalent in Fairfield, a direct by-product of sustained structural poverty. It covers unequal access to education and training, unequal access to health and housing, etc. The poverty of residents is at once the cause and effect of their poor performance in the greater labour market. For an area such as this, it refers to

Post-labour market entry discrimination consists of discrimination by employers in their hiring policies, wage policies, and/or promotion policies.

The R.A.P scheme is designed to stimulate employment growth in disadvantaged regions and has the role of meeting structural gaps with responsive tailored programs in areas such as Fairfield. Despite the overwhelming level and complexity of unemployment, Fairfield has received comparably little from this program.

There is no viable alternative for work in building the financial capacity of individuals and households. The bottom line is employment and there is a huge gap in the types of services that federal government has direct responsibility for around this issue. The utility of government programs should be to stimulate individual and household capacity and tailored programs such as the RAP are fundamental to the success of this approach. Income support as the government recognises is not a viable alternative for individual and community sustenance. *However, income support must remain whilst governments are unable to ensure the financial livelihoods of families through the conventional means of paid employment.*

General Comments

The government has a number of competing perspectives on the relationship between governmental intervention and poverty. The manner in which the current social security system is utilised has direct implications for the future living standards in this country. There are two positions that are of particular concern to the community sector:

- The challenge of reform as reducing cost pressures on government with regard to welfare dependency.
- The social security system as a means of reducing the cost pressures on industry by offsetting minimum wages with a transfer payment supplement.

The first perspective is geared towards improving self-reliance, early deterrence and long-term prevention. The second perspective is one in which the prevalent industrial policy will move towards creating a system of long term welfare dependency alongside a labour market that promotes long term structural poverty.

Based on the above, we offer the following recommendations to both state and federal government;

Recommendations

1. Department of Family and Community Services establish an interdepartmental committee on poverty with a special focus on complexly disadvantaged areas such as Fairfield. The composition of the committee should reflect the composition of departments responsible for the problem, thus including (specifically for NSW, though this could be duplicated in other states):
 - Department of Family and Community Services
 - Department of Employment Workplace Relations

- Department of Transport and Regional Services (primarily GROW)
 - Department of Housing (NSW)
 - Department of Planning (NSW)
 - Department of Community Services (NSW)
 - Salvation Army / St Vincent De Paul
 - NSW Council of Social Services
 - Migrant Resource Centre(s)
 - Other representative bodies, including community based (i.e. Youth, Aged, Disability, etc).
2. The Regional Assistance Program guidelines are re-evaluated to encourage tailored local and regional projects. Project monies are better targeted with priority given to highly disadvantaged areas.
 3. Department of Gaming and Racing (NSW) establish greater funds to combat problem gambling in Greater Western Sydney, in particular areas such as Bankstown, Fairfield, Liverpool and Campbelltown. The level of funding to Fairfield is completely inadequate given the size and scope of problem gambling in that area.
 4. Department of Planning (NSW) re-commit to a yearly turn-over of funds for the Area Assistance Scheme. At present the assessment of projects draws the process out such that the funding is no longer an annual event. Funds from this scheme need to encourage *meaningful* community development. This department may also want to consider initiating partnerships to better deliver its Area Assistance Scheme (the North Adelaide *Playford Partnership* is a strong example).
 5. Greater recognition of the widespread extent of poverty and inequality in Australia within FACS Building Stronger Families and Communities strategy, and inter-departmental partnerships that focus programs on the long-term impacts of poverty on health, employment, education and community safety.

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