

IT'S NOT ASKING TOO MUCH...



National Economic and
Social Impact Survey
May 2013

The economic and social impact of cost of living pressures on people accessing emergency relief



ACKNOWLEDGEMENTS

The Salvation Army would like to thank the many people across Australia who participated in the survey. This report is the story of your day to day struggle to make ends meet. We could not tell these stories without your support.

The Salvation Army also extends thanks to all support staff at The Salvation Army services who worked hard to promote and ensure the success of this survey.

This survey is a joint initiative of The Salvation Army Australia Southern Territory and the Australia Eastern Territory.

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1. EXECUTIVE SUMMARY

“The feeling of going backwards fast is, at best, overwhelming.”
(Respondent comment)

- 51% of respondents have gone without meals
- 58% of respondents are unable to pay utility bills on time
- 92% of respondents have little or no savings in case of an emergency
- 53% of respondents cannot afford presents for family

The Salvation Army Economic and Social Impact Survey for 2013 received a total of 2,705 surveys nationally from respondents accessing the organisation's emergency relief and community support services. The survey provides a snapshot of the impact of cost of living pressures and the extent of social and economic deprivation and disadvantage experienced by these individuals and their families.

The Salvation Army's second extensive Economic and Social Impact Survey paints a bleak picture of everyday life for many people in our communities. This report highlights that a significant proportion of people accessing The Salvation Army emergency relief and support services are struggling to meet routine expenses and financial commitments. The striking similarities between this report and the 2012 report, in relation to both the demographic profile and the indicators of deprivation and disadvantage, show that little has changed for this portion of the population. What is clear in ESIS 2013, and supported by the many respondent comments, is that despite their struggles, people want to work and want to provide a more sustained and adequate standard of living for themselves and their children.

The impact of inadequate economic resources is wide ranging and complex. Poverty and disadvantage have multiple causes and impacts effecting both individuals and families. The constant struggle to maintain an 'adequate' standard of living requires mediating expenses (e.g. bills, rent, food, etc.) within an extremely tight budget without access to emergency funds if anything goes wrong. Restricted economic circumstances compromise social connections for all involved and impacts health and wellbeing, thereby decreasing social links and personal capabilities. Job search and employment capacity appears to be compromised for many. This is not just a factor of low income security. Employment capacity is also impacted by health, caring responsibilities, educational levels and experience. ESIS 2013 however indicates that despite the availability of services to address job search and employment capacity, these strategies are not working for those individuals significantly disadvantaged within the community. As such, for many, there is little room to move forward and no capacity to move up and out of disadvantage.

The Salvation Army has an extensive history and an international reputation for working with the most marginalised and disadvantaged people in our communities. The Salvation Army Australia through its emergency relief services, corps and social programs, and employment services provides a significant and comprehensive response to individual and community disadvantage. This response is predicated on the need to respond to and address the multiple layers of disadvantage for individuals and their families.

The Salvation Army endorses the respondent comment that gave rise to the title of this report. It is not asking too much to want a job, to have the means and capacities to provide an adequate standard of living for a family and to participate as an active, valued and positive contributor to the local and broader Australian community.

2. PREFACE

The Salvation Army is one of the largest national providers of welfare services. Operating for over 130 years in Australia, The Salvation Army has a significant history of working with and advocating for the rights and needs of disadvantaged people in our community. Consistent with our values of human dignity, justice, hope, compassion and community, The Salvation Army is committed to the promotion of social justice and protection of the rights of disadvantaged and vulnerable people.

The Salvation Army Australia, with an annual operating budget of approximately \$600 million, provides over 1,000 social programs and activities through a network of social support services, community centres and churches across the country.

Key services provided by The Salvation Army Australia network include:

- Material aid and emergency relief.
- Financial counselling and assistance.
- Personal counselling and support.
- Drug and alcohol support and treatment services.
- Family and domestic violence support and accommodation services.
- Out of home care.
- Accommodation and homelessness services.
- Disability services.
- Emergency disaster responses.
- Education, training and employment support services.
- Migrant and refugee services.
- Aged care services.

In the past 12 months, The Salvation Army Australia provided over one million occasions of service to people in need. This included more than 230,000 people provided with emergency relief, over 100,000 meals, over 3,000 women supported through family and domestic violence services, and over 1,000 crisis and 6,000 non-crisis accommodation beds every night of the year.

The Salvation Army provides emergency relief services through 237 sites nationally. The Salvation Army emergency relief services are provided through 'Doorways', a philosophical context that encompasses an integrated, holistic and capacity building approach that is closely aligned to current government policy trends promoting a 'hand up, not a hand out!' The Doorways philosophy seeks to address the underlying factors leading to poverty, for people experiencing long term and entrenched deprivation and disengagement and the growing number of people experiencing situational poverty.

In 2009, 2010 and 2011, The Salvation Army Australia Southern Territory surveyed people accessing emergency relief through its Community Support Services and Doorways centres to ascertain the impact of the Global Financial Crisis. These surveys provided a snapshot of the impact of the general downturn in the national economic situation, providing evidence of significant personal and economic challenges and increased financial volatility in the community arising from housing and other cost of living pressures. These surveys have become the foundation underpinning the national Economic and Social Impact Survey (ESIS) conducted in 2012, and for the current ESIS 2013 report,

It's not asking too much...

3. BACKGROUND

In 2012, The Salvation Army released its first national Economic and Social Impact Survey (ESIS) report. This report highlighted the significant disadvantage of individuals and families accessing emergency relief through The Salvation Army. It noted that despite a strong economic and employment climate nationally, a significant number of people in our communities experience multiple indicators of deprivation simultaneously.

The ESIS 2012 utilised the Essentials of Life scale developed by Saunders, Naidoo and Griffiths (2007)¹ and provided a stark picture of the extent of disadvantage and multiple deprivation experienced by people struggling to meet everyday expenses and financial commitments. Overwhelmingly, ESIS 2012 identified patterns of lack of service access (e.g. health and dental services) and activities (e.g. social and recreational) due to affordability issues, with people having little or no financial recourse when something goes wrong.

The lack of secure and decent accommodation, with poor quality facilities (e.g. leaking gutters, doors and windows without locks, inadequate heating, and furniture in poor condition) was also identified as a major cause of deprivation due to affordability issues. At the time, the report concluded that with the scarcity of affordable housing options and the high cost of private rental, such inadequacies and deprivations were unlikely to be resolved.

In addition, ESIS 2012 highlighted that children were disengaged from communities due to the costs associated with participating in these activities. For example, 58 per cent of respondents reported being unable to afford out of school activities for their children and 36 per cent could not afford to pay for school based activities. These findings were supported by the Australian Council of Social Services (ACOSS 2013)² who noted that:

“Sole parent families on income support struggle to meet essential living costs and sacrifice their own living standard to shield their children from poverty” (ACOSS, 2013 July, p.10).

The Salvation Army's concerns about the immediate and long term impact on children of a parent's economic poverty and level of deprivation, as detailed in the ESIS 2012 report, were supported by ACOSS. In addition, the Australian Social Inclusion Board (2012³) noted that 14 per cent of Australian children under the age of 15 years were living in jobless families. This report also notes data from the OECD, which places Australia as having the fourth highest proportion of under 15 year olds living in jobless families amongst OECD countries (Source: OECD (2012), OECD Family Database, OECD, Paris (www.oecd.org/social/family/database)). In its annual report for 2010, the Australian Social Inclusion Board⁴ highlighted that children growing up in disadvantaged households are more developmentally vulnerable than other Australian children, and that the cycles of socioeconomic disadvantage, neglect and abuse can “rob them of the chance to develop the good health, social skills and learning abilities they need to flourish in the contemporary world” (p.9).

Following the release of ESIS 2012, a number of other reports mirrored the same issues and concerns of The Salvation Army. For example, the ACOSS *Poverty in Australia Report* (2013) which also utilised the Essentials of Life scale, identified a number of key indicators for being at risk of income poverty – single people with and without children, people with disability, unemployed people and households reliant on income support as their main income source. ACOSS noted that those people on the lower income support payments (Newstart Allowance, Parenting Payments and Disability Support Payments) were far more likely to miss out on the essentials of life, indicating “a close correspondence between patterns of poverty and multiple deprivation” (p.48).

1 Saunders, P. Naidoo, Y. & Griffiths, M. (2007) *Towards New Indicators of Disadvantage: Deprivation and Social Exclusion in Australia*. Social Policy Research Centre, Sydney, NSW

2 ACOSS (2013) *Poverty in Australia* (updated March 2013) ACOSS Paper 194

3 Australian Social Inclusion Board (2012) *How Australia is Faring*. Department of Prime Minister and Cabinet, Canberra, ACT. sourced at http://www.socialinclusion.gov.au/sites/www.socialinclusion.gov.au/files/publications/pdf/HAIF_report_final.pdf

4 Australian Social Inclusion Board (2010) *Annual Report*. Department of the Prime Minister and Cabinet, Canberra, ACT.

ESIS 2012 findings and concerns were reiterated in another NATSEM report, *Going Without: Financial Hardship in Australia*⁵, which, similarly, provided a detailed examination of financial hardship as seen through the lenses of poverty, measures of deprivation and financial stress. This report concluded that, after basic expenditure on food, shelter, health and utilities are taken into account, families “have only \$22 per day left over” (p5).

Additionally, both NATSEM and ACOSS reports concurred with ESIS 2012 findings that highlight housing tenure as a key contributing factor to increased financial stress and multiple deprivation, particularly for those in receipt of Newstart Allowance (NSA), Parenting Payments and the Disability Support Pension (DSP).

The 2012 ESIS Report was released in an environment of significant advocacy and action by community based services and peak bodies aiming to improve the lives of those most disadvantaged and marginalised in our communities. Most notably, 2012 saw concerted advocacy action from community organisations, business and union groups to raise the rate of allowance payments. As a result, in June 2012 a Senate inquiry, initiated by The Australian Greens, called for submissions on the adequacy of the allowance payment system and how this system functions as a support into work. In its final report, The Senate Education Employment and Workplace Relations References Committee concluded:

“Newstart Allowance does not allow people to live at an acceptable standard in the long term.”⁶

The report goes on to note however “that the allowance was never intended to be a long term solution to unemployment”⁷. The reality, however, is extremely different for many people whose reliance on an income support payment is not a short term experience:

“In March 2012, 62% of people receiving unemployment allowances were on income support for more than 12 months...Even though a substantial group of people on Newstart Allowance (NSA) cycle on and off the payment within a given year, the vast majority of the funds spent on NSA are supporting long-term recipients whose chances of securing employment within the next 12 months are only about 50:50.”⁴⁸

Two other major Senate inquiries were held during 2012, the outcomes of which have a potential impact on the client group represented by the ESIS report:

- Amendments to the Parenting Payment has resulted in single parents being transferred to the Newstart Allowance when their youngest child turns eight years of age; and
- The introduction of the National Disability Insurance Scheme Bill.

With 86 per cent of respondents to the 2012 ESIS in receipt of a government income support payment (22% on Newstart Allowance, 22% on Disability Support Pensions, 18% in receipt of a parenting payment), The Salvation Army has responded to these inquiries providing a significant voice to the call for proactive change to the systems and practices that further disadvantage and marginalise a significant portion of the Australian community.

In light of the continuing challenges facing many people accessing The Salvation Army services, The Salvation Army has again undertaken its national Economic and Social Impact Survey and presents here its 2013 report, entitled

It's not asking too much...

5 Phillips, B & Nepal, B. (2012a) *Going Without: Financial Hardship in Australia*. National Centre for Social and Economic Modelling (NATSEM). University of Canberra, ACT.

6 Senate Standing Committee on Education, Employment and Workplace Relations (2012) *The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market*. Commonwealth of Australia, Canberra. P. 54

7 *ibid*

8 ACOSS (2012) *Surviving, not living*. Submission to Senate Employment Committee on the adequacy of 'allowance' payments. ACOSS Paper 192

4. METHODOLOGY

In 2013, The Salvation Army Australia Southern Territory (AUS)⁹ and Australia Eastern Territory (AUE)¹⁰ conducted the second national ESIS survey to highlight the impact of cost of living pressures on individuals and families who access emergency relief and community support through Salvation Army services.

The survey aimed to provide information about the people seeking support and assistance and the levels of deprivation and exclusion, both economically and socially, experienced by these individuals.

The questionnaire reviewed and refined the 2012 version, including indicators of disadvantage and social connectedness, in addition to questions of financial impact.

Survey Questionnaire

The survey questionnaire comprised four parts: respondent demographics; impact of financial situation; social supports; and the Essentials of Life scale.

Part One (*About You*) is a set of demographic questions asking people to describe their personal and family circumstances and living, housing and income situations.

Part Two (*Your Financial Situation*) is a set of three statements asking respondents to rate how they perceive their current and future financial situation. It asks respondents to nominate what they have had to do, or do without, as a consequence of their financial situation over the past 12 months.

Part Three (*Your Social Supports*) is a set of three statements requiring respondents to rate their level of agreement or disagreement against a seven point scale. The statements described how much support they get from other people and are based on the Household, Income and Labour Dynamics in Australia (HILDA) Survey (Wave 11 Self Completions Questionnaire B17).¹¹

Part Four (*The Essentials of Life*) is based on the indicators of disadvantage developed by Saunders, Naidoo and Griffiths (2007).¹² This list of 26 items represents those services, items, activities or opportunities that are considered essential in Australia today.¹³ Participants were asked to indicate for each item whether or not they had the item, and if they did not have the item, whether this was because they could not afford it or because they did not want it.

Survey process

The survey questionnaires were distributed nationally through 237 Salvation Army services providing emergency relief and community support during the period 4 March to 15 March 2013.

The questionnaires were paper based and participation was voluntary. Although the questionnaire was developed for completion by individuals themselves, centre staff and volunteers were advised that some people may require assistance and that this should be provided.

Data entry and report

Completed questionnaires were manually entered into a secure database for nominal and ordinal review and initial analysis. Emerging themes were identified based on the responses of participants. The survey data, supported by respondent comments, was analysed to investigate the levels of deprivation and disadvantage of individuals accessing The Salvation Army emergency relief centres.

9 The Salvation Army Australia Southern Territory (AUS) includes Victoria, Tasmania, South Australia, the Northern Territory and Western Australia

10 The Salvation Army Australia Eastern Territory (AUE) includes New South Wales, Queensland and the Australian Capital Territory

11 The HILDA Project was initiated and is funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute)

12 Saunders, P. Naidoo, Y. & Griffiths, M. (2007) *Towards New Indicators of Disadvantage: Deprivation and Social Exclusion in Australia*. Social Policy Research Centre, Sydney, NSW.

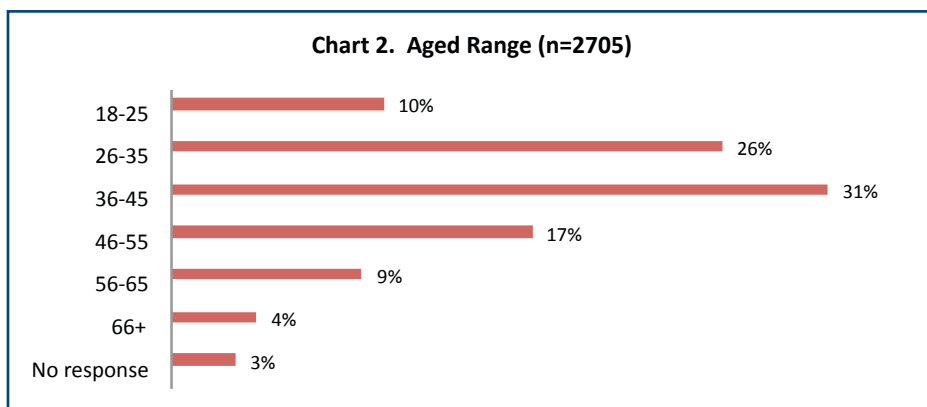
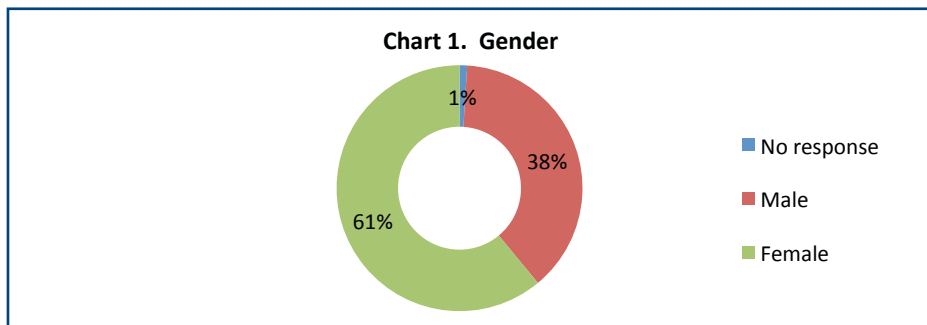
13 Saunders, P. (May, 2007) *Towards New Indicators of Disadvantage Project. Bulletin No.2: Deprivation in Australia*. SPRC Newsletter No. 96. Social Policy Research Centre, Sydney, NSW.

5. RESULTS

A total of 2,705 completed surveys were received.

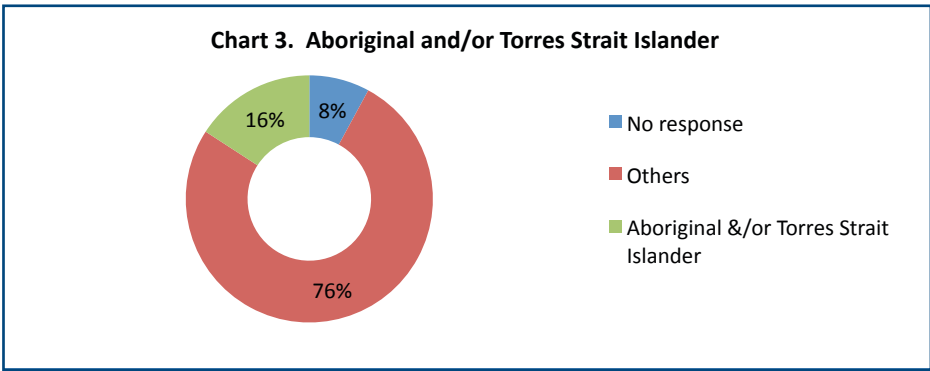
5.1. Demographics

The majority of respondents were women, representing 61 per cent of the cohort compared to 38 per cent males (Chart 1). The majority of respondents were of working age, with over half of the cohort (57%) falling within the 26 to 45 age range (Chart 2). The demographic profile is similar to that reflected in the ESIS 2012 report.

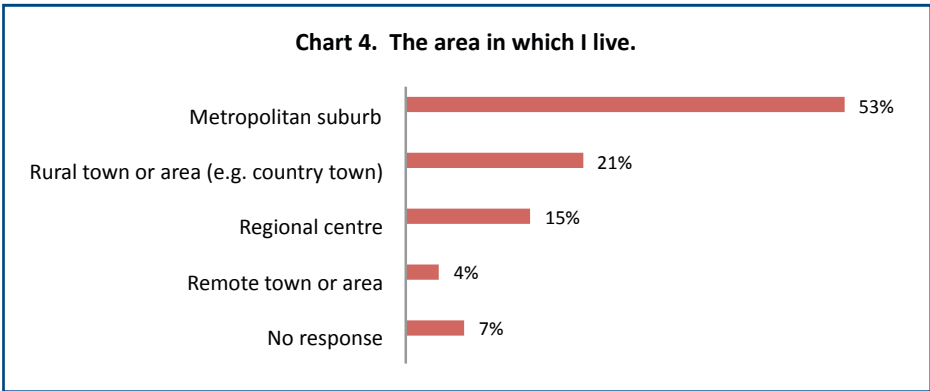


Sixteen per cent of the cohort identified as Aboriginal and/or Torres Strait Islander (Chart 3), which represents a disproportionately high number (3% of total population, 2011 Census).¹⁴

¹⁴ ABS Australian Social Trends (April 2013) The 'average' Australian. Issue no. 4102.0
Retrieved at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features30April+2013#back9> on 24/04/2013



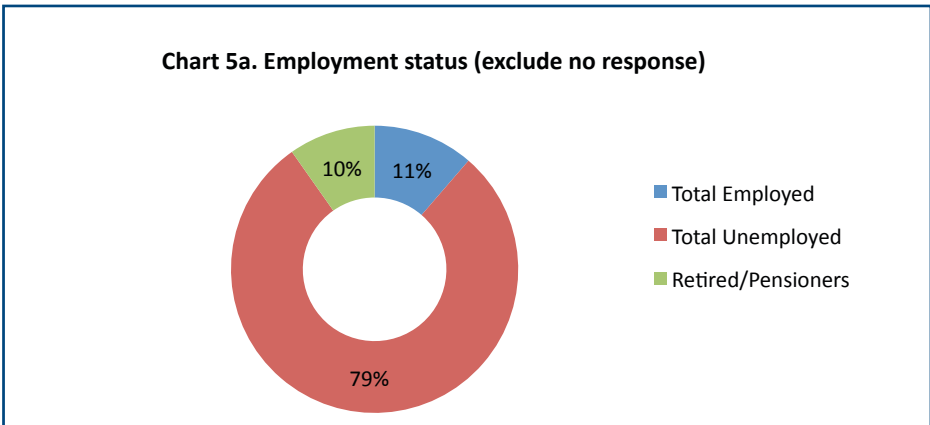
Over half of respondents live in metropolitan suburbs, with 21 percent living in rural towns and 15 percent in regional centres. Four per cent of the cohort lives in remote areas (Chart 4).



5.1.1 Employment and Income Status

“I just want a job” (Respondent comment)

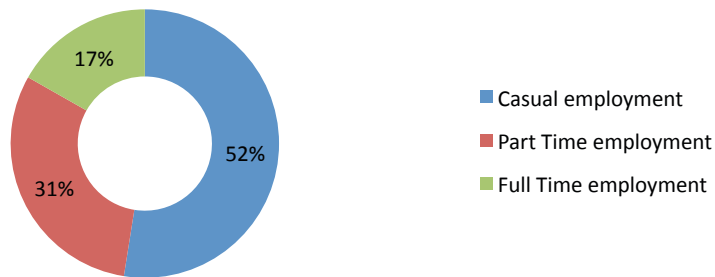
Seventy nine percent of the cohort were unemployed with 10 per cent retired and 11 per cent in some type of employment (Chart 5a). The employment-unemployment profile is similar to that described in the ESIS 2012 report.



Of those in employment just over half were in casual jobs and 31 per cent were in part time employment. Seventeen per cent were in full time employment (Chart 5b).

“I have a job however finding work was incredibly difficult. No one wants to hire you without experience, but you are trying to get experience but no one will give you the chance.” (Respondent comment)

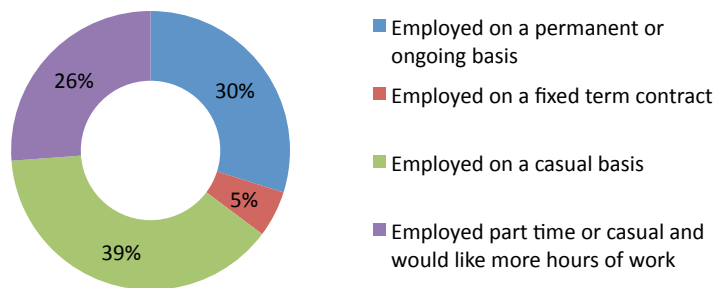
Chart 5b. Employment status of those who have a job



For individuals in employment, over a third were employed on a casual basis (39%) with only 30 per cent employed on a permanent or ongoing basis. Over a quarter of respondents noted that they were employed part time but would prefer longer hours of work (Chart 5c).

“It’s hard to find full-time work – it’s easier to find casual work.” (Respondent comment)

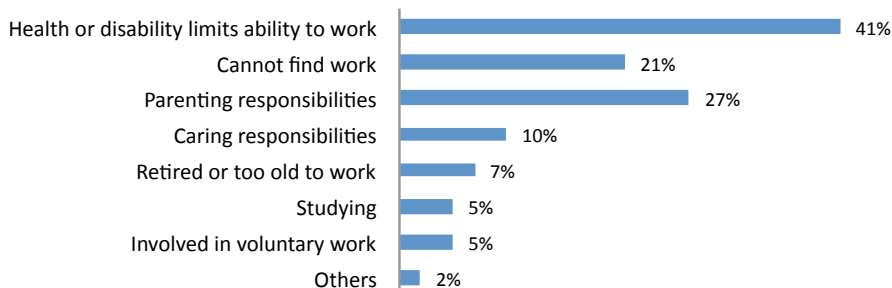
Chart 5c. If you are employed, are you:



The main reason cited for unemployment was limitations due to health or disability (41%). In just over a third of circumstances, parenting (27%) and caring (10%) responsibilities were cited as reasons for unemployment. Almost one quarter of respondents said they could not find work (21%) (Chart 5d).

“It’s been impossible to find a job – not through lack of trying. Never in my life have I had such a hard time.” (Respondent comment)

Chart 5d. Why unemployed or had trouble getting a job. (multiple responses)



Many participant comments reflected a desire to work, but expressed frustration due to lack of experience preventing entry to the workforce, lack of options that take into account caring responsibilities and the lack of employment options generally. Poor health was also identified as major contributing factor that restricted access to employment, although many respondents commented that even with compromised health they wanted to work, if they could find a job that would accommodate their needs.

“Not enough jobs and need more opportunity for people who are unskilled to gain employment.” (Respondent comment)

“Have poor health which is quite unpredictable at times and requires finding suitable employment and employer. It limits my chances.” (Respondent comment)

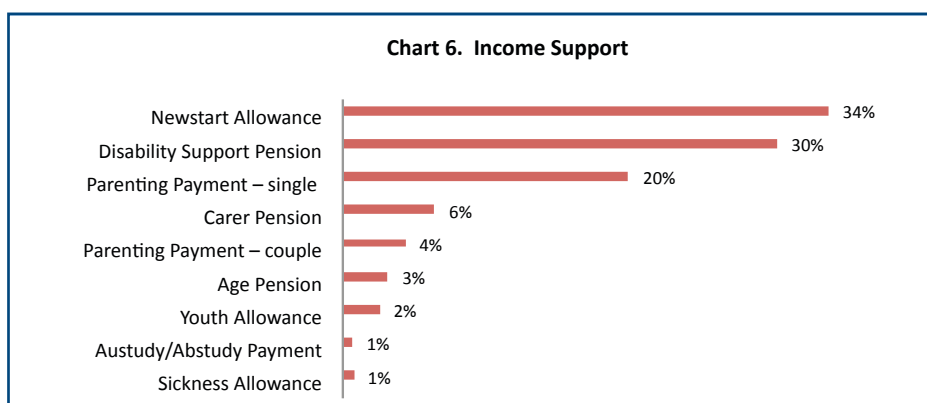
“Jobs that entail a substantial amount of stress are difficult due to my condition (bipolar disorder) – but I want to work and can work.” (Respondent comment)

In total, 90 per cent of respondents were in receipt of an income support payment.

For those individuals who are unemployed, over one third were in receipt of the Newstart Allowance (34%), 30 per cent were on a Disability Support Payment and 20 per cent were in receipt of the Parenting Payment (single rate) (Chart 6).

“I currently am seeking part time work however salary will need to cover daycare/ afterschool care for 4 children (3 school aged, 1 toddler).” (Respondent comment)

“I wish I was healthy enough to work.” (Respondent comment)

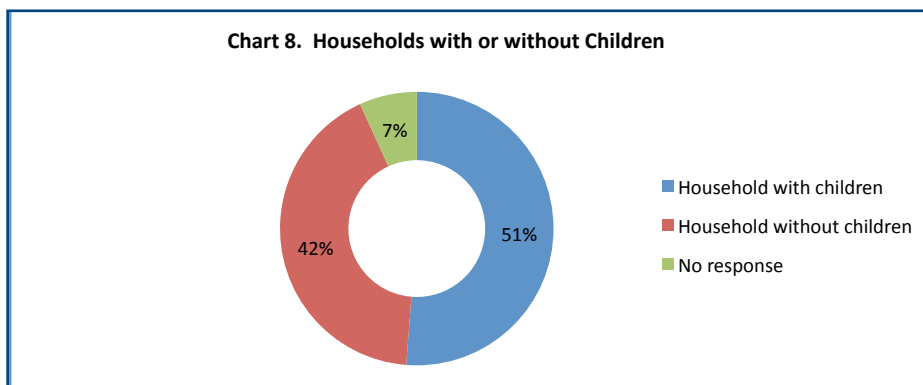
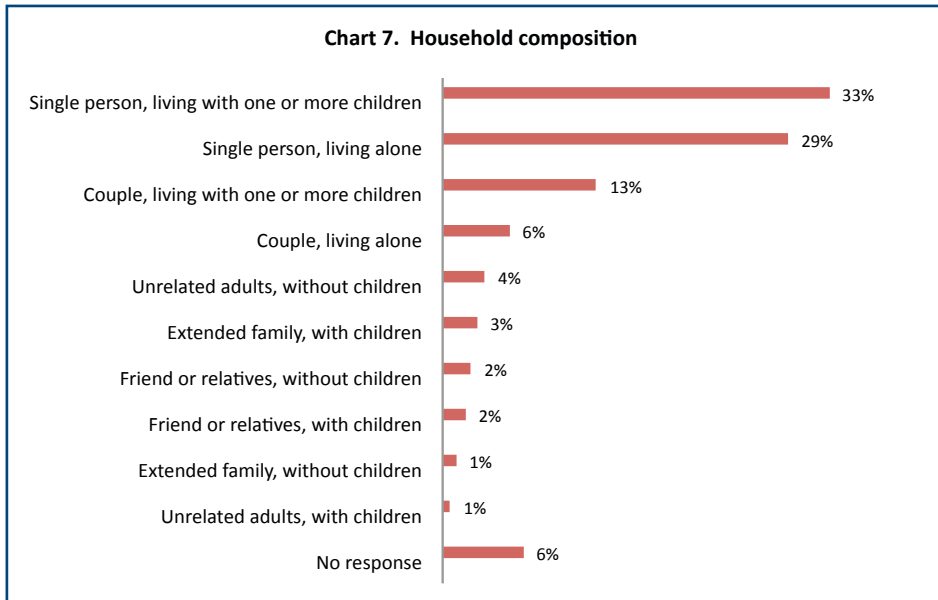


In comparison to the ESIS 2012 report, ESIS 2013 saw a 12% rise in the number of respondents in receipt of the Newstart Allowance, which may be attributed to recent legislative changes impacting parents and those with disabilities.

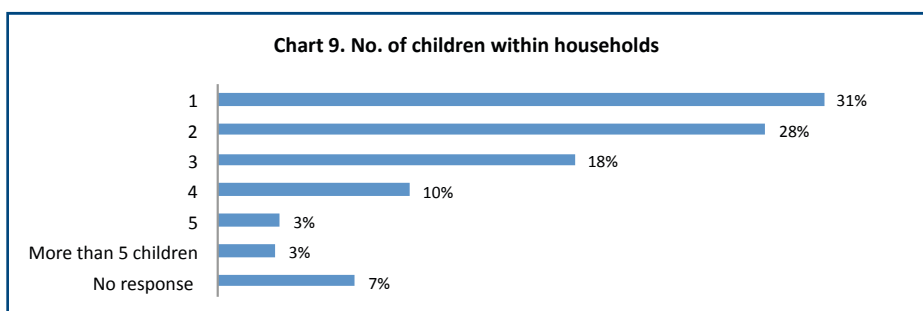
5.1.2 Household Composition and Housing Status

Household Composition

One third of respondents were single parents with one or more children (Chart 7), with over half of the cohort representing a household with children (Chart 8). Thirty per cent of the cohort were single people living on their own.

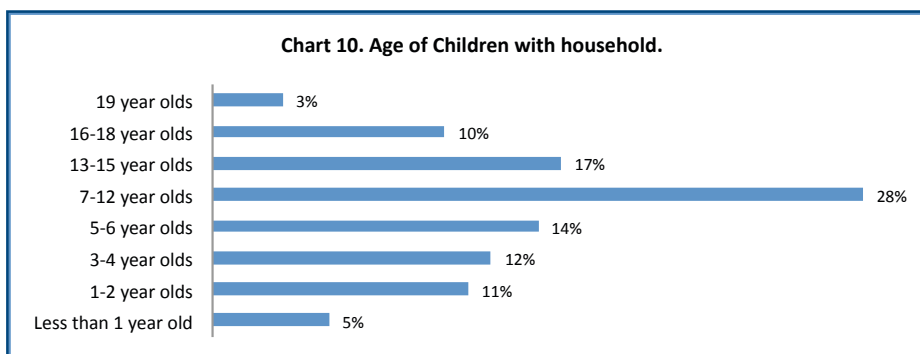


In terms of the number of children within households, 2,847 children aged between less than one year old and 19 years, were recorded. Over 50 per cent of households have one or more children, and almost one third of families have three to five children. Only three per cent of homes represented larger family groups with five or more children (Chart 9).



Of those households with children, 43 per cent were within the 7-15 year old age group (Chart 10). This represents the age group (8 years old) at which single rate Parenting Payment ceases and parents are transferred to the Newstart Allowance.

Over one quarter (28%) of children were under primary school age.



In summary, the survey cohort is significantly comprised of unemployed single mothers between the ages of 26 to 45, with children older than 7 years of age. Most of these families are living in private rental and are reliant on Newstart Allowance. The survey cohort indicates that the majority of families live in metropolitan suburbs of national cities.

This cohort is significantly impacted by the recent changes to parenting payments that have seen them moved onto Newstart Allowance. The Salvation Army and other community organisations in concert with ACOSS, the UN Rapporteur on Extreme Poverty and Human Rights and business groups, including the Business Council of Australia, assert that this move has placed these individuals and their families at increased risk of poverty and disadvantage.

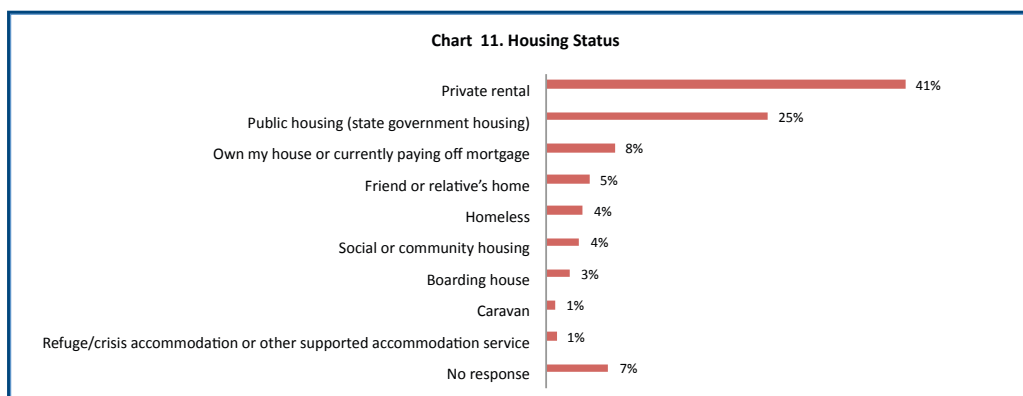
In its submission to the Senate Inquiry into the adequacy of the allowance payment system¹, The Salvation Army stated that, based on its experience:

***"the inadequacy and inequity of payment rates increases the level of disadvantage and deprivation experienced by a core component of our client group who are already significantly marginalised."* (p.3)**

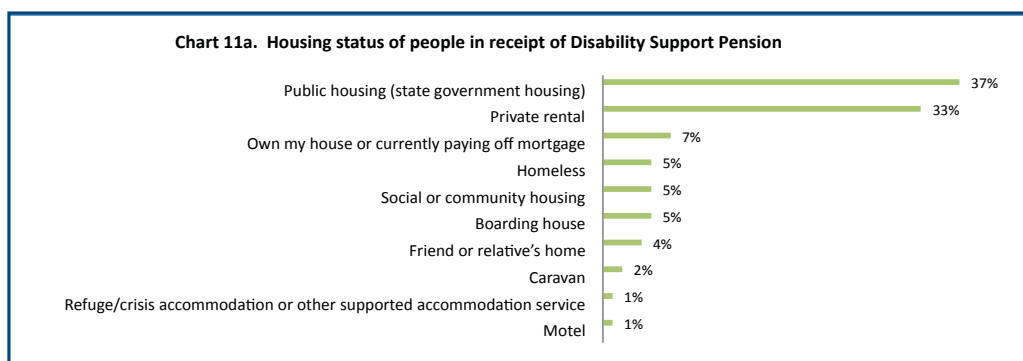
¹ The Salvation Army (August, 2012) The Salvation Army submission to Senate Inquiry: *The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market.*

Housing Status

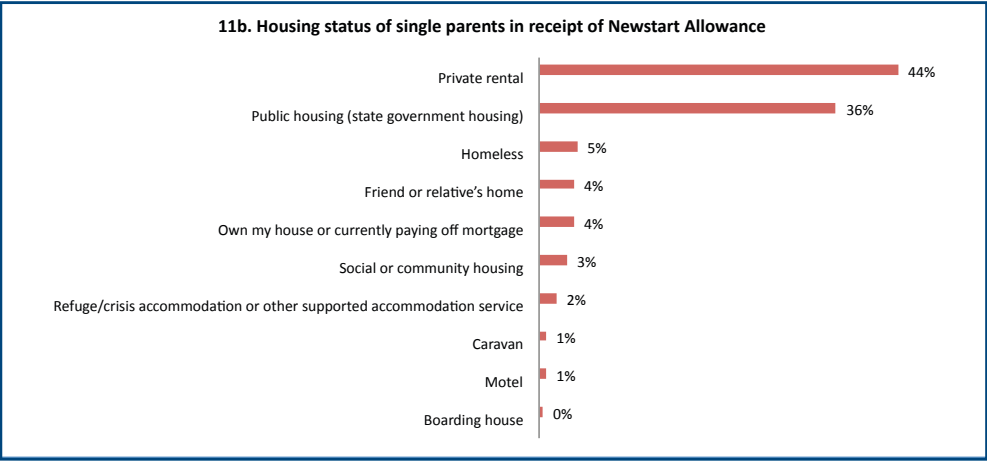
Forty one per cent of the cohort were in private rental, compared to one quarter in public housing (Chart 11). Four per cent of respondents reported being homeless and three per cent reported residing in a boarding house during the survey period..



The housing status of people in receipt of the Disability Support Pension and Parenting Payment (single rate) are represented in Charts 11a and 11b respectively. Thirty seven per cent of people on DSP were in public housing while a third were in private rental.



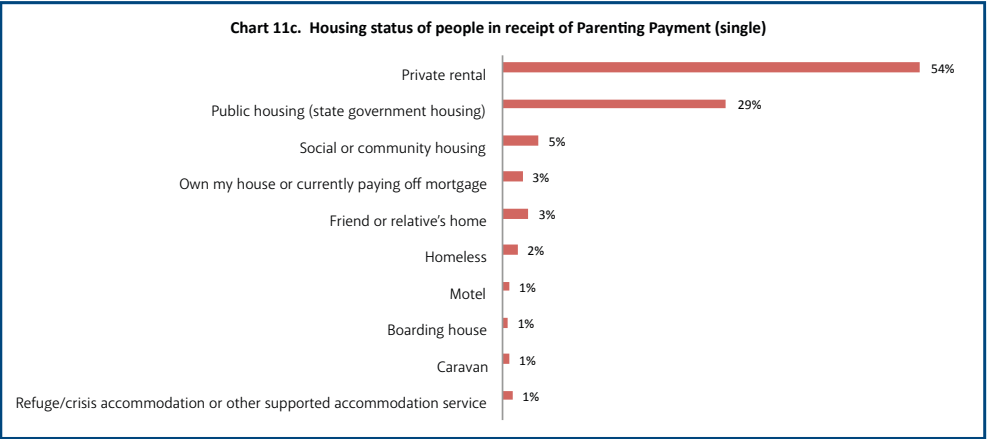
Almost half (44%) of single parents on the Newstart Allowance are living in private rental accommodation compared to over half (54%) of those in receipt of the single rate Parenting Payment.



Over a third of single parents on Newstart Allowance are currently living in public housing, compared to 29 per cent of those on single Parenting Payments.

“Since been put on Newstart I am unable to afford the rent I signed a contract on, and have had to break my lease and move into a caravan, making my life very hard. I am forced to live substandard.” (Respondent Comment)

It is concerning that five per cent of single parents are homeless (Charts 11b & C).



A significant concern for many single parent respondents on Newstart Allowance was how they were going to accommodate the decrease in income support particularly in light of private rental costs. Housing affordability, especially for low income earners, is a significant national issue. Without savings and with limited options to mediate the reduction in income, it is suggested that many single parent families will face some critical decisions in terms of housing and other routine living expenses.

“Property rental is very high. I pay \$190 week and it will soon increase to \$200 a week. This leaves too little left over. Electricity and gas bill keeps going up and up.” (Respondent comment)

“Due to paying rent at \$ 135 per week and other bills that have to be paid, this leaves very little for food and other costs of living.” (Respondent comment)

“When I signed my lease agreement and bill contracts, I did this on what money I received. Then the government lowered my money which caused my family to break all contracts and be penalised. Before this change I could always pay 100% of my rent and bills on and before time, and have always been known for being a good rent payer. I have impeccable rental references but now because of my pay amount, I can only rent in a lower bracket.” (Respondent comment)

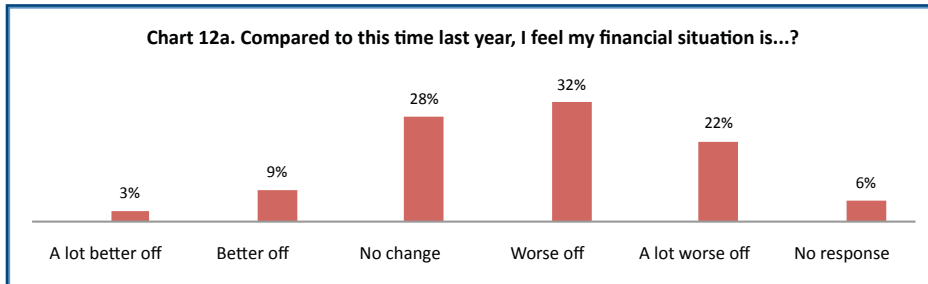


5.2 Impact of Financial Situation

This section examines the impact of an individual's financial situation and how they have attempted to address this. The impact of financial and cost of living pressures is represented in how people reconcile and manage limited and stressed financial resources.

"I feel lost and don't know what to do." (Respondent comment)

Compared to 12 months ago, over half of the respondents felt their financial situation was worse or a lot worse, with 29 per cent indicating that there was no change in their financial situation (Chart 12a).



In relation to how respondents viewed their future financial situation, 35 per cent reported feeling positive and very positive about the next 12 months. One quarter (26%), however, felt that there would be no change in their financial situation, and one third (33%) reported that their financial situation would continue to be negative (Chart 12b).

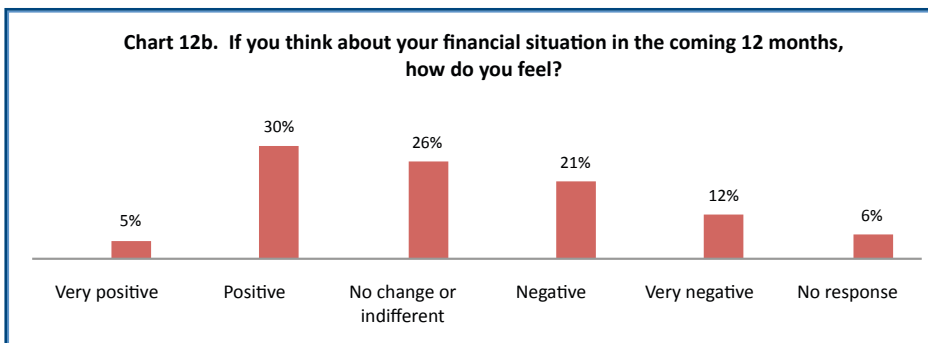


Chart 13 provides details on what respondents have had to do or have felt as a result of their financial situation in the past 12 months.

Two thirds of respondents reported cutting down on basic necessities and over half of respondents had gone without meals (51%). Comments from respondents reinforce this data and also reveal that parents go without meals in favour of their children:

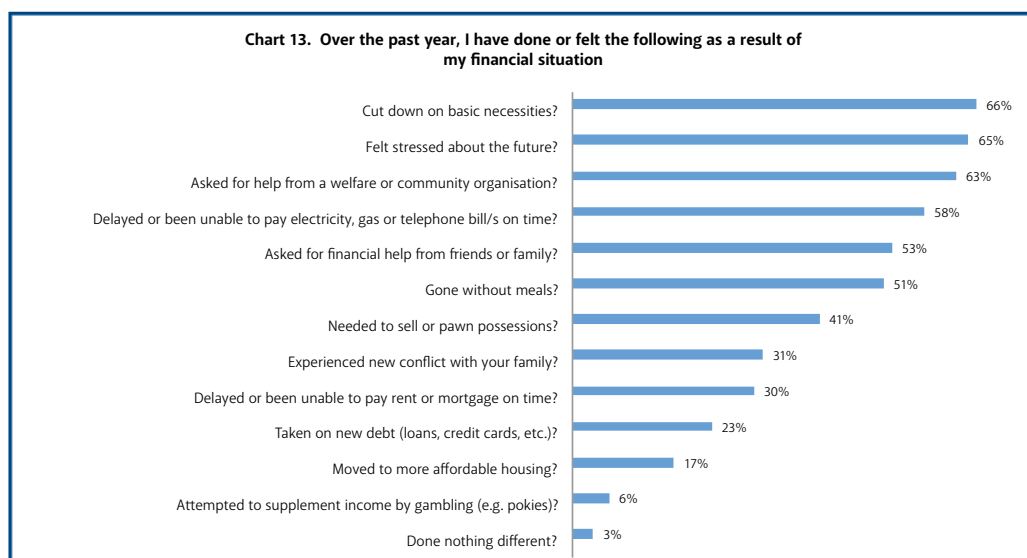
"Gone without meals? Only myself, not my kids." (Respondent comment)

"Feed my children but went without meals myself." (Respondent comment)

Over half reported delaying payment of utility bills (58%) and 30 per cent reported delaying rent or mortgage payments.

"I have found it very difficult in the last week because I had my electricity cut off and had to use my whole pension to pay and get it back on. Because it was off I had to throw out a whole lot of food and am now struggling to replace it all for me and my children." (Respondent comment)

Sixty five per cent of respondents reported feeling stressed about their future prospects, and almost a third noted conflict with family as a direct result of their current financial situation.



Respondents also noted efforts to supplement their income through selling or pawning possessions (41%), taking on new debt through credit cards and loans (23%) and gambling (6%). Almost two thirds (63%) had approached welfare or community organisations for help and over half had asked for help from friends and family.

Limited economic resources place limits on the capacity of respondents to fund risk mitigation measures such as having savings, home contents or car insurance. Without such options, respondents have limited capacity to respond when things go wrong, often resorting to increasing debt which they cannot afford, and borrowing from family and friends or asking for assistance from community based organisations. The risk for many is a further shift into deprivation. Indeed, in a recent report by The Salvation Army, "I wish I'd known sooner!" , the level of debt of people accessing financial counselling through the community support services and Doorways Centres was alarming:

"32% of all respondents reported owning debt of \$20,000 or more while the median amount of debt owned was \$5,000 to \$10,000."

"Women were more likely to owe money for bills associated with running a household (e.g. utilities and ITC). Men more often struggled to repay money owing on loans (payday and personal) and mortgages." (p.2)

1 Brackertz, N (Dr) (2012) *I wish I'd known sooner! The impact of financial counselling on debt resolution and personal wellbeing*. Report commissioned by The Salvation Army Australia Southern Territory and undertaken by Swinburne University of Technology.

“It’s embarrassing and uncomfortable to ask friends for help or let them know how much I am struggling financially. I don’t like to ask unless the situation is desperate.” (Respondent comment)

My family tries to help out as much as they can and vice versa. This year has been very difficult on my family and myself and I just feel very overwhelmed.” (Respondent comment)

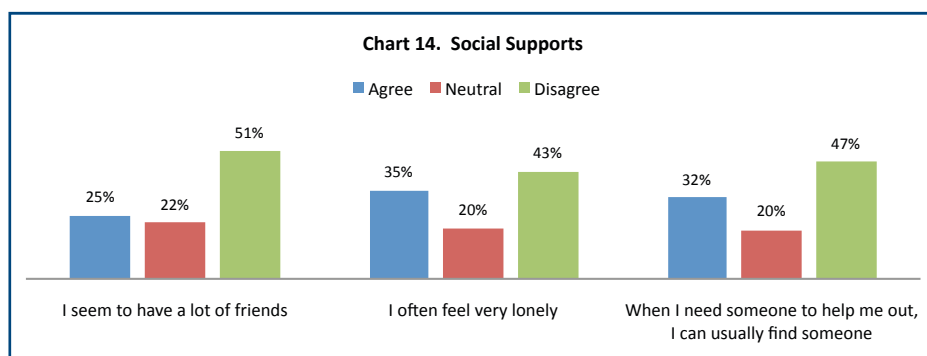
Overwhelmingly, individuals and families who accessed emergency relief services for assistance are unemployed and in receipt of income support payments – two of the key indicators for economic poverty. Further, the majority of these people are experiencing severe levels of multiple deprivation, that is, they are doing without many of the essential everyday items that most of the Australian population takes for granted. Consider that 56 per cent of the survey cohort are living without 10 key items simultaneously, it can be concluded that for any of these individuals they:

- Generally can’t afford a substantial meal once a day (but will make sure their children are fed).
- Generally have poor standard housing – guttering in poor condition, poor security, etc.
- Can generally afford to get to the doctor (bulk billing) but cannot afford to pay for prescriptions.
- Don’t have savings, so are constantly anxious about things breaking down and items needing replacement etc.
- Don’t have insurances for home contents or their car.
- Can’t afford regular social contact with friends.
- Can’t buy presents for family members birthdays.

5.3 Social Supports

Due to my limited income and disability I am not able to go out and socialise. I have a social worker but I am too much of a recluse to want to mix with others.” (Respondent comment)

Respondents were asked to rate three questions about their social support networks against a seven point scale ranging from strongly disagree (rating of 1) to strongly agree (rating of 7).



Over half of respondents reported not having many friends and a third reported feeling very lonely. Almost half of respondents (47%) noted that they were unable to find someone to help them when needed.

Comments from respondents, however, were telling:

“Since I have been out of work I have lost touch with more and more friends. I cannot afford the petrol to visit them or the money to attend social functions. I have become increasingly isolated which limits the people I can ask for help and almost all of the friends I see now are in the same financial situation as me.” (Respondent comment)

I do not have a support network. My health conditions and low finances exclude me from a social life and previous friends have abandoned me.” (Respondent comment)

“My network at the moment is the case workers from the refuge I used to stay at. I don’t have friends because being limited financially limits things socially too. Basically living payday to payday and finding free entertainments for the kids such as parks or community events.” (Respondent comment)

It is isolating as a single parent, yet the friends I have are worth their weight in gold. ‘Quality, not quantity’.” (Respondent comment)

On a very basic level individuals and families are continually making expenditure decisions to mediate their limited financial resources. People on the Disability Support Pension, for example are unable to afford the costs of medication in addition to doing without regular meals, delaying bills and rent, and have very limited and restricted social connections. Recent legislative changes, which have seen many people with disability placed on the Newstart Allowance rather than the Disability Support Pension, will further compound issues of deprivation, disadvantage and social isolation.

The impact of this constant juggling is increased stress, increased conflict with family and, it is suggested, compromised mental health and resilience.

5.4 The Essentials of Life

The Essentials of Life scale provides an indication of the level of deprivation experienced by individuals. The scale is a list of 26 items that Australians currently regard as essential to everyday life. The scale provides a measure of deprivation, indicating how many people do not have and cannot afford each of the 26 items. The following series of charts provide the percentage responses of items, activities and opportunities that respondents do without and the impact on their children.

Results across the 26 items indicate that people are substantially impacted by their level of income, and are having to make significant adjustments to standards of living, medical treatment and social and recreational activities. In effect, respondents are struggling across a range of areas, from paying bills, to health care and providing for dependent children.

The respondent cohort is predominantly unemployed (79%) with over a third (34%) in receipt of the Newstart Allowance, which has the lowest payment rate. This includes single parents whose youngest child is over eight years of age. Thirty per cent of respondents were on the Disability Support Pension and 20 per cent were in receipt of the single rate Parenting Payment. A direct consequence of income support payments is limited economic resources, and as such it is not surprising that the impact of such restrictions is wide.

“Once I get paid, I have to pay all of my bills and there is nothing left!” (Respondent comment)

Limited economic resources place restrictions on an individual’s capacity to fund risk mitigation measures, such as having savings, home contents and vehicle insurance. Over 90 per cent (92%) of respondents did not have savings up to \$500, 82 per cent did not have home contents insurance and nearly two thirds (65%) did not have vehicle insurance. This represents a limited capacity to respond to situations that go wrong, e.g. a car accident, a washing machine or fridge stops working, or storm damage to the interior of a home (Chart 15 a and 15b).

“We lost everything we owned in a house fire and no way to replace anything.” (Respondent comment)



Limited economic resources also impact an individual's capacity to access services due to affordability. For example, 60 per cent of respondents could not afford dental treatment when required, and while the majority could afford medical treatment (77%), over a third (35%) could not afford the required medications prescribed by their doctor.

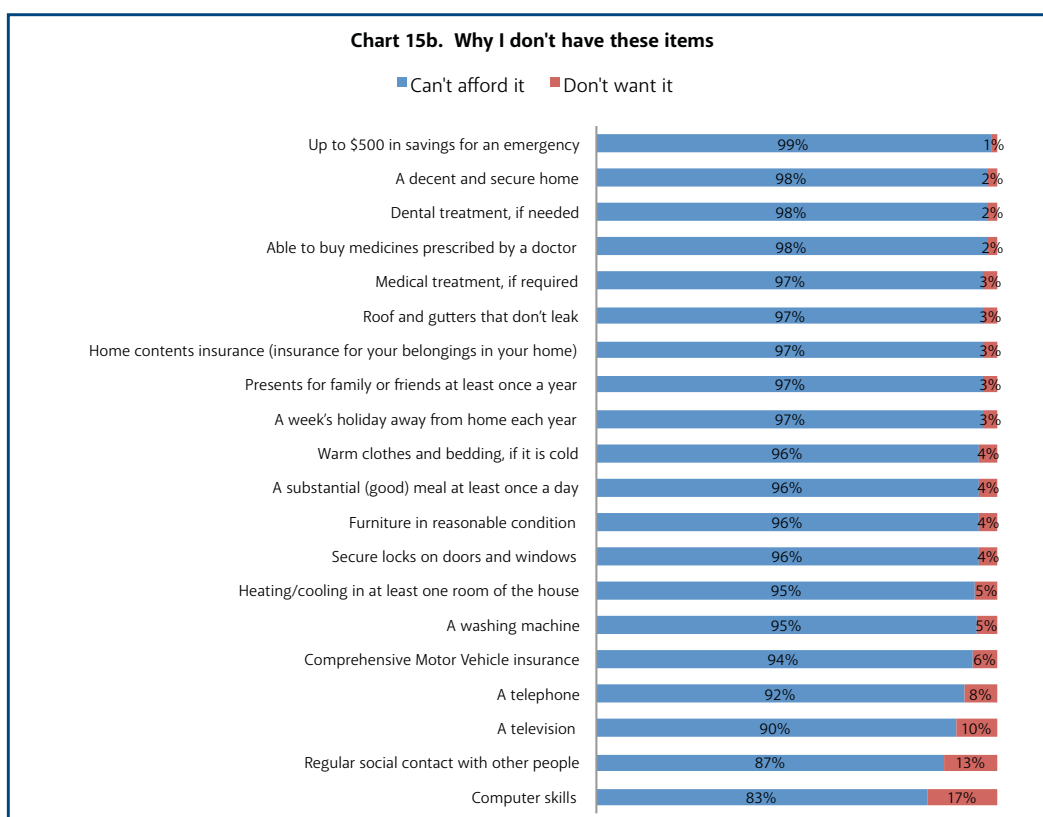
"I want to work, but I am very unwell frequently. I need to try and stabilise my health, but I often cannot access the medical services I need due to cost; the waiting time to see specialists is very lengthy and my nutrition is very poor." (Respondent comment)

The impact of limited finances on social interactions and engagement in key social occasions (e.g. birthdays and Christmas) has been noted in section 5.3 above but is further emphasised here. Thirty six per cent of respondents do not have regular social contact with other people and 86 per cent were unable to afford a holiday away from home each year. Even the simple gesture of presents for friends and family was outside the capacity of over half of respondents (53%).

Living standards were also significantly compromised by limited resources. Twenty eight per cent of respondents reported not having a decent home, 33 per cent did not have sound roof and gutters and 32 per cent did not have secure locks on doors and windows. Over a quarter (27%) could not afford heating/cooling in at least one room in their home and one quarter could not afford decent furniture. Over a quarter of respondents (28%) could not afford one decent meal each day.

"Living in a house with leaking roof because its falling to pieces, termite damage. But the rent is cheap." (Respondent comment)

Almost 40 per cent (39%) of respondents do not have computer skills with 83 per cent indicating they could not afford to acquire such skills. In this information technology era this essential is a significant disadvantage to study and work.



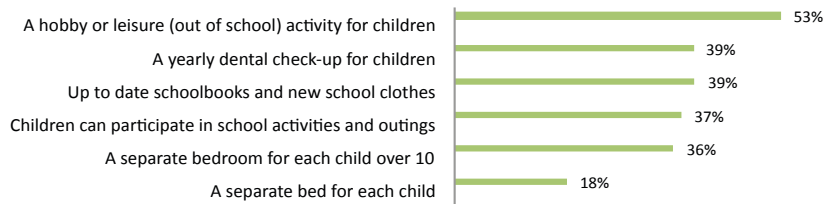
"Utilities are a luxury that I struggle to afford (gas etc.) my rent goes up every time I've had a small rise in my pension. They take it all or more than I've had in my rise in pension. Twice a year my rent goes up. Therefore it does not cover the rising cost of living." (Respondent comment)

5.4.1 The Essentials of Life for Children

Children continue to be seriously impacted by restrictions in parental income, with the main impact being felt in the level of disengagement from social and sporting/leisure activities due to the costs associated with such activities (Charts 16).

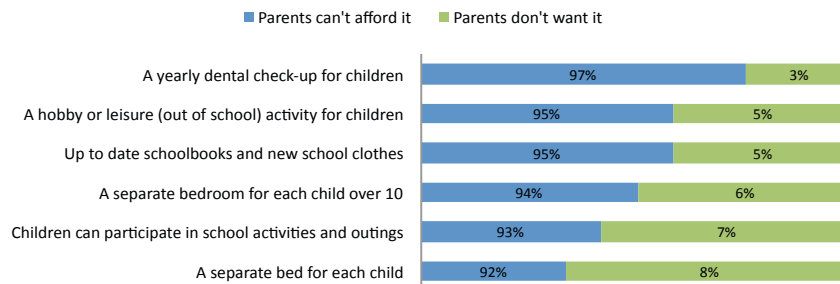
Over half of respondents indicated they could not afford to provide for their child/ren to attend an out of school hobby or leisure activity, with 37 per cent being unable to subsidise school activities and outings.

Chart 16a. Essentials of Life - What children are doing without.



"I haven't paid the school fees yet and have had to stop the kid's activities such as swimming lessons." (Respondent comment)

Chart 16b. Why children don't have these essentials.



Households with child/ren represent half of the total cohort of ESIS 2013, and the majority of these children were over the age of seven years. Many of these families will have been impacted by the recent changes to income support payments that have seen single parents of children aged eight years moved to the lower payment rate of the Newstart Allowance. The impact of this change has been clearly articulated by many respondents to the survey:

“Due to a change over from single parenting pension to Newstart Allowance, the cut in payments have left me struggling financially, emotionally stressed and depression.” (Respondent comment)

“The change with parenting payment to Newstart has greatly affected my family quality of life. Income has been reduced, making it hard to live.” (Respondent comment)

The level of deprivation experienced by children in general reflects how difficult it is for parents to make ends meet with such restricted economies. Whilst parents strive to protect their children from the impact of these income constraints, this is not always possible. It is of concern, but hardly surprising, that on average only a quarter of children have access to all of the essential items. It is of significant concern that the levels of severe deprivation, expressed as doing without more than five indicators simultaneously, averages at approximately six per cent across the children cohorts. In effect this means that many children are missing out on:

- In and out of school activities.
- Annual dental checkups.
- New or up-to-date school books and school uniforms.

These findings indicate that in many low income households, children’s inclusion in their school and local communities and with their peers is likely to be compromised.

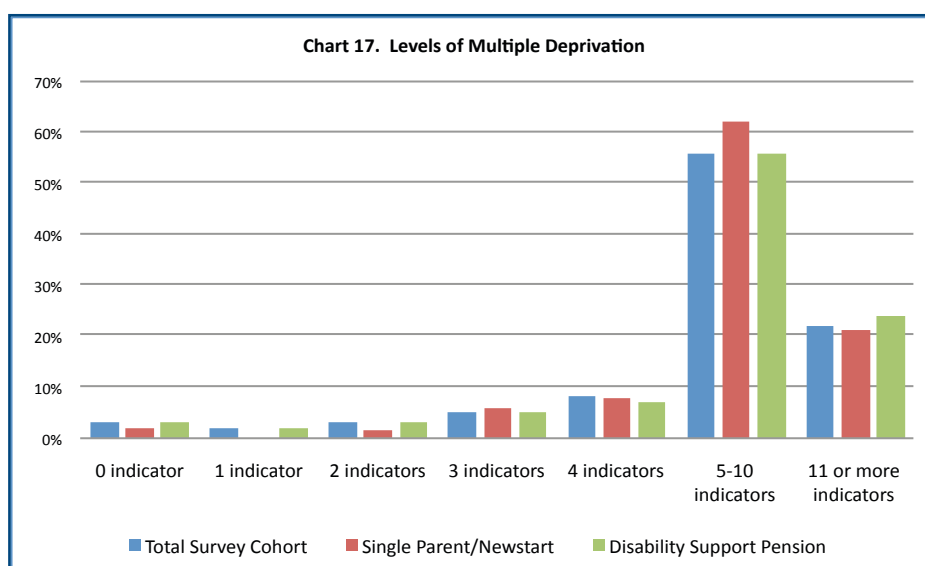


5.4.2 Levels of Multiple Deprivation

The following section looks at the levels of deprivation experienced by individuals and their children. Saunders, et al. (2007)¹⁵ define deprivation as the lack of resources that prevent people from accessing essential goods and activities. In addition, Saunders et al. note that severe deprivation corresponds to missing out on five or more essential items. Further, in developing the Essentials of Life scale, Saunders et al. note that it is more likely that those individuals who experience several forms of deprivation simultaneously have been forced into this situation rather than choosing it.

In this section, the levels of multiple deprivation are analysed for the total survey sample and for those individuals and families on the Newstart Allowance (34%) and those in receipt of the Disability Support Pension (30%), the latter two representing income support payments for the majority of respondents (Chart 17). In addition, an analysis of the levels of multiple deprivation experienced by all children of parents within the total survey cohort and for parents in receipt of the Newstart Allowance and Disability Support Pension is also considered (Chart 18).

Overall the level of multiple deprivations for the total survey sample was extremely high. It is evident from the data that this cohort is generally doing without many of the essential items rather than just a couple at any point in time. Seventy eight per cent recorded five or more indicators simultaneously, indicating severe levels of deprivation (Chart 17).



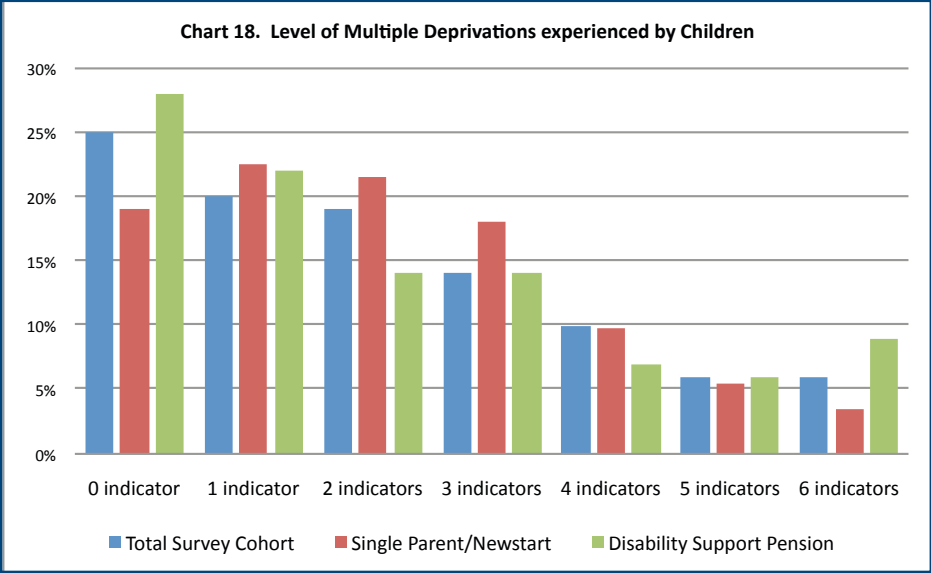
The level of severity of deprivation is pronounced for single parents on Newstart Allowance and those on the Disability Support Pension, with 83% and 80% respectively recording doing without five or more of the essential items simultaneously, indicating severe levels of deprivation.

“Medications are very expensive, and with food and electricity I am trying very hard to make ends meet.” (Respondent comment)

“My income is not enough because the amount of medication needed which is not on the PBS.” (Respondent comment).

The level of multiple deprivations for children in general is of significant concern. While a quarter of children in the general cohort were not deprived of any of the basic essentials, 20 per cent were missing out on at least one item and 12 per cent were missing out on five or six items, indicating severe deprivation.

15 Op cit Saunders, P. Naidoo, Y. & Griffiths, M. (2007)



Additionally, the children of parents on the Newstart Allowance are not fairing as well, with only 19 per cent not missing out on any items. Sixty three per cent were missing out on between one and three of the essential items.

Although the rates are low, the number of children who are missing out on all the items considered essential to everyday life is of considerable concern.

The data provides evidence that single parent families are experiencing the highest levels of disadvantage and more likely to be in less secure housing and are making significant restrictions on basic living needs. For many this is in the context of current substandard and inadequate living conditions. The resultant flow on effects and the impact of this level of deprivation on the children within families is of significant concern to The Salvation Army.

6. DISCUSSION AND CONCLUSIONS

The 2013 Economic and Social Impact Survey (ESIS 2013) paints a picture of the struggles of people with limited economic and social resources. This national survey provides some clear and challenging insights into the economic and social impact of current cost of living pressures on people seeking emergency relief and support through The Salvation Army services. ESIS 2013 also reinforces and provides further emphasis to the results of the 2012 ESIS report. Indeed, there are consistent similarities between the 2012 and the 2013 ESIS surveys, which highlight that there is a core group within our communities who continue to experience significant disadvantage without the resources and capabilities to move forward or out of their current situations. Despite this, comments from respondents overwhelmingly reflect an intrinsic desire to have what the general community has, namely employment, safe and secure housing, and the ability to provide for their children and families.

Three themes can be highlighted from ESIS 2013 – adequacy of income support, employment and employability, and housing affordability and adequacy. In light of recent reports and the outcomes of government inquiries, these findings are both pertinent and lend significant weight to the ongoing concerns of The Salvation Army about the continuing impact of disadvantage and deprivation on individuals and families.

As detailed in many of the respondent comments to the issue, the impact of the legislative changes to the parenting payment for single parents is having a marked impact on their economic capacities and resultant levels of deprivation. It can be suggested, and indeed it is supported by respondent comments, that the levels of deprivation experienced by single parents are being compounded by the shift to the lower paying Newstart Allowance.


In its submission to the Senate Committee Inquiry on the parenting payment transitional arrangements¹⁶, The Salvation Army raised significant concerns about the impact of such changes would have on those currently experiencing significant deprivation as indicated in the ESIS 2012 report:

“Parents who shift from the single parent payment to the Newstart Allowance and have no current earnings will be the hardest hit. This cohort is the most disadvantaged in terms of education and employment prospects, economic sustainability and living situations. Reducing their income support will do nothing to alleviate their current circumstances.” (p.4)

These concerns are reinforced by the findings of the current survey. In addition, given that the premise of this legislative change, and indeed the function of the Newstart Allowance is to promote a transition to work, The Salvation Army strongly believes that reduced economic resources hinder and seriously compromise an individual's ability to find employment. The current structures that support employment capacity do not seem to be working for many marginalised and disadvantaged individuals. Respondent comments suggest that this is due to a range of factors including lack of flexible employment options that take into account health and physical limitations and caring responsibilities, and lack of experience and skills. In addition, poverty, poor housing, lack of transport and limited educational and work based experiences are significant barriers to finding and holding employment.

Housing affordability is a national issue. Rising private costs and diminishing public housing stock leave few options for those on low income. Many respondents reported inadequate and sub-standard housing conditions and high rental costs as significant factors impacting cost of living pressures and causing significant financial stress.

¹⁶ The Salvation Army (July 2012) Submission to Senate Committee Inquiry – Social Security Legislation Amendment (Fair Incentives to Work) Bill 2012.



ESIS 2013 also provides insights into the levels of deprivation experienced by over 2,800 children and young people. With one third of respondents being single parent households and with over half of the identified children being within school age range (i.e. 5 to 15 years), the levels of deprivation and the short and long term impacts of such disadvantage are of significant concern to The Salvation Army.

The Salvation Army has an extensive history of working with the most marginalised and disadvantaged people in our communities. This report confirms that the current living circumstances for these individuals and families continue to be compromised by inadequate income support and inequitable and inadequate policy and systems. The impact of this is social exclusion and compromised social connections and networks, and limited access to services and activities for individuals and families.

The Salvation Army strongly affirms the respondent comment ***It's not asking too much...*** for individuals and families to have the opportunities to work and provide for an adequate standard of living for themselves and their families, and to participate fully in the Australian community. ESIS 2013, however, confirms and strengthens the findings of ESIS 2012 that there is a significant number of people who do not have these opportunities and who continue to experience disadvantage, deprivation and social exclusion on a daily basis.

