

Seniors & Poverty:
“For richer, for poorer – Seniors living on the edge”
COTA (WA) General meeting
May 2007
Speech by Lisa Baker, Executive Director, WACOSS

Thankyou for inviting me here to speak to you about seniors and poverty in Western Australia and how it links to issues such as housing, income, health and gender equity. COTA are a highly valued peak organisation in the community and it's a pleasure to speak at your general meeting to highlight some of WACOSS concerns about how older people in WA are fairing in the current economic and social climate.

WACOSS undertakes a considerable amount of work around issues of poverty. We are a peak organisation representing the WA community services sector and disadvantaged members of our community, in social policy and advocacy issues. Poverty is one of our three priority social policy areas.

WACOSS works collaboratively with COTA and other organisations in the sector to advocate for the interests of disadvantaged West Australians, including seniors. What our agencies have in common, along with the thousands of other agencies in the community services sector, is the belief that poverty, as many in our community experience it now, is unacceptable and requires urgent, committed and holistic responses both from government and the wider community, regardless of the age of the people experiencing it.

WACOSS have been actively advocating on several levels in relation to poverty. I'd like to briefly outline what we are doing.

slide 2: current activities

- To increase local community awareness about poverty and disadvantage in WA, late last year we released the booklet, *Advance Australia where?*, a joint Anti-Poverty Week initiative with UWA Social Work students.
- In December we met with key Government Ministers to call for the State Government to articulate a Social Vision, and develop a Plan for Social Wellbeing which would include strategies to address poverty in Western Australia. Next week we will be following this up with calls for poverty alleviation in the state budget.
- Recently we have been running a project to identify the impacts of welfare to work reforms on the experience of poverty and working with our interstate COSS's and ACOSS.
- We are also taking part in a national campaign by ACOSS called Australia Fair. This campaign seeks to get ordinary Australians talking about poverty and disadvantage.

All of us here today will have different levels of understanding about poverty. This afternoon, I'd like to provide you with a brief overview of poverty in Australia. I want to talk a bit about the extent and experience of poverty in our community - how many people are affected by it, who they are, and what it means for those affected by it - and in particular, what it means for seniors.

What do we mean by the term poverty? The experience of poverty in Australia, while very different to that experienced in developing countries – is increasing and becoming more complex in nature.

As said in the final report of a not-so recent inquiry into poverty in Australia:

Although Australia by world standards is a wealthy country, the level of poverty in our community is increasing and becoming increasingly entrenched. The [Senate Community Affairs Reference] committee is compelled to this view after hearing the daily experiences of Australians living in poverty – from pensioners who go to bed early because they cannot afford heating and students slipping into prostitution to support their studies.¹

Poverty in Australia is relative rather than absolute, and commonly measured by looking at other members of the community and the society. Those living in poverty in Australia are falling behind, by a significant amount, the rest of our society in terms of their income and the type of lifestyle they are able to enjoy. Essentially then, it is the distribution of wealth in Australia that is of great concern. Currently, Australia is experiencing a situation where, while both the rich and the poor are increasing in number, the gap between them is widening significantly.

Slide 3: Social Vision

WACOSS have been calling for a Social Vision in Western Australia. We've argued for a whole-of-government approach to redressing disadvantage. Evidence from

¹ Community Affairs References Committee (2004) *A Hand Up Not a Hand Out: Renewing the Fight Against Poverty*, Senate Printing Unit Parliament House, Canberra p xxv.

around the world, and most recently in Victoria, points to the success of whole-of-government strategies to alleviate poverty. Today's economic boom gives WA a unique opportunity to lay a strong foundation for our future by breaking the cycle of poverty for thousands of Western Australians. WACOSS propose that a Social Vision and a plan for Social Wellbeing are an important step toward that goal.

slide 4: quote

To effectively alleviate poverty,

“Housing, health, income, education and job skills must all be addressed in a coordinated way to effectively intervene to change the life prospects of young Australians who are living on the edge.”²

But young people are not the only ones living on the edge. Increasingly, our older population is facing financial hardship, social exclusion, housing stress and a lack of access to affordable services, all of which contribute to the experience of poverty.

slide 5: quote

“The assumption that wealth increases with age is true for only a minority of older people. The gap between richer older people and poorer older people is widening. A recent Natsem report concludes that between the year 2000 and 2030 “wealth and inequality will grow for a variety of reasons but the ageing population and differing asset portfolios are two reasons.”

² *The Distribution of Social Disadvantage in Australian Communities*, Fr Peter Norden SJ Associate Director, Jesuit Social Services, 17 October 2006

slide 6: Poverty in Australia

ACOSS released figures recently stating that 2 million live in poverty in Australia and 100,000 are homeless.

In Australia today:

- The wealthiest **5%** of households own **60%** of the wealth in Australia
- The **poorest 20%** of households have a combined average annual income of about **\$12,000** and:
- The richest 10% of Australians own 50% of the wealth. This is compared to the **bottom 50% of people in Australia that own just 4%**. How many people own no wealth? – 30% of the population.

Slide 7: statistics on seniors

So, how many of these Australians experiencing poverty are seniors? We know that there are about 350,000 seniors in WA, making up 17% of the population, and that three quarters of these live in the metropolitan area. We know that not all seniors fit the average perception of wealth. *“The after-inflation incomes of the bottom 25% of older Australians fell over the 12 years [from 1986-1998], while the incomes of the top 25% rose.”³*

³ *Harding, King & Kelly, 2001, piii*

The difference between the groups relates to their assets and their incomes. “Those in the top 25% have enjoyed long and productive working lives (often in highly paid professions), have been able to purchase their own homes, invest in shares and property and accumulate superannuation funds in order to provide for their old age.” Many seniors, especially women, have not had the same opportunity to save for their later years.

Slide 8 : Seniors at risk

Some groups of older people are particularly vulnerable to the experience of poverty, including:

- people living in private rental properties with no private income
- women
- single people reliant on the aged pension
- people on pensions or allowances for long periods with little prospects of improving their income.

Most senior Australians rely on allowances or pensions as income support or their sole source of income. Financial dependence is an issue for seniors and government alike, particularly with an increasingly aging population, many of which will not have had the opportunity or capacity to save for their later years.

Slide 9: table on income

In 1999-2000, as you can see from this table, one third of people aged 55-64 and three quarters of those aged 65 and over relied on pensions and allowances as their principal source of income. In this same period almost half (46%) of Australians aged between 50 and 64 years were not in paid employment, with a low likelihood of taking up employment, through no fault or choice of their own.

Table X: Principal Source of Income for people aged 55-64 and over 65 in 1999-2000

Principal source of income	Age 55-64	Age 65 and over
Wages and Salaries	43.4	3.1
Own unincorporated business	8.9	1.8
Government Pensions and Allowances	33.6	74.1
Other	12.1	19.6

Source: ABS, 2001a, p13

The reality of poverty is different for every person and family that experiences it. At WACOSS, we define poverty broadly as ‘*a lack of access to an acceptable standard of living*’. When many people talk about poverty, they may be referring mainly to lack of money – the inability to afford basic necessities or pay bills - or even be able to access adequate accommodation because of simply not having the money. The poverty that I’m talking about though means a lot more than this.

Slide 10: social exclusion

The term 'social exclusion', is increasingly used in Australia in recognition of the wide-ranging possible impacts of poverty on individuals. In addition to economic or financial disadvantage, poverty, or social exclusion, can mean that:

- People have fewer or inadequate opportunities available to them than the rest of us – for example, they may have not been able to access appropriate education or training (for whatever reason) which has a flow on effect of barriers in securing appropriate employment, inability to afford accommodation etc.
- People lack support networks – they don't have people they can readily go to when they are in crisis to access help – in many cases they may not have family they are in contact with or their family relationships may be unhealthy and negative. Networks of friends that provide support, assistance or even just an ear when you need to talk, may also be missing from the person's life.
- Due to lack of money, and possibly social networks, many people in poverty may not be able to participate in the community in a normal way – this means anything from being able to go down to the local coffee shop for a cuppa to being involved in some aspect of the council work.
- Many people living in poverty are also often psychologically disadvantaged – and by this I mean that they are more likely to incur psychological problems, such as depression, as a result of the numerous social and economic they face.

- Many people in poverty are also greatly affected by the negative perceptions in the community and in the media of poverty. Messages like – people being lazy, stupid or ‘bludgers’.

So how does poverty affect seniors in WA?

There is a perception in the broader community that older people in Australia are doing pretty well and this may be true for many but not for all. As we know, in recent years, WA has been experiencing an economic boom. This has resulted in increased business investment, increased revenue gains for the State Government and increases in the wages paid to workers in the mining and construction sectors. However, this ‘resources boom’ has also caused the cost of living in WA to soar.

Slide 11: Cost of Living

Since December 2004, Perth’s Consumer Price Index (CPI) has grown by 9.1%, much faster than the growth recorded nationally (7.1%).

For low income earners and people experiencing disadvantage, including seniors, it is important to differentiate between luxury items and the rise in the cost of essentials; such as public transport, petrol, utilities, housing and basic staple foods. Research has shown that falls in the price of luxury items (such as white goods, motor vehicles and electronic equipment) have caused a fall in the Consumer Price Index (CPI), giving a false sense of the cost of living for low income earners. In reality, a large number of Western Australians cannot afford to buy their own home or run a car, and

must use private rental and public transport. For these people, the cost of living has risen much more sharply than the already high CPI.

WA's economic boom has also caused the level of disadvantage and poverty in the State to become more entrenched. The gap is widening between the high and low income earners and this is as much apparent amongst seniors as any other social group.

There is an intergenerational dimension to poverty that also needs to be considered. Poverty is experienced across all ages in the community, and often handed down from generation to generation. The response to poverty thus requires a whole of community response, which assists families within and between generations. We do not want to set one generation up against another over the struggle for resources to address basic needs in the community.

Let's look at housing – all people, including seniors, have the right to live in safe, secure and affordable accommodation. This is becoming more and more out of reach for seniors in WA.

The availability of housing plays a crucial role in determining whether or not seniors live in poverty. It affects their social participation and has a considerable impact on health and well-being. If the right to housing isn't met, then it is highly likely that many other basic rights are also not able to be met.

For senior pensioners living in private rental accommodation the skyrocketing price of rents is making their already tight budgets almost impossible to manage without sacrificing other living costs.

Slide 12: Housing Costs

For owner occupiers, the increased costs of maintenance and relocation, and the lack of public housing and affordable alternatives is placing seniors under housing stress.

Another important dimension to the experience of poverty by seniors is health. The relationship between socioeconomic status and health is well established and has been described as one of the most 'pervasive and enduring observations in public health'. Many studies have shown that the most disadvantaged in the community also have the poorest health. This includes more disabilities and chronic illnesses as well as higher mortality rates. The presence of health risk behaviours are also more common among people from lower socio economic status. These behaviours include smoking, obesity and inactivity and also problematic substance use. All people do clearly not have the same opportunities for good physical and mental health and those living in poverty in many cases have their right to be healthy compromised.

Seniors in particular have a high incidence of ill health and age related disabilities such as hearing and vision loss, reduced mobility and dementia. Mental health, whilst statistically lower, is known to be under diagnosed and poorly understood amongst seniors.

Increasingly, individuals are required to meet or at least contribute to the cost of their medical care, including prescription medication, home support services and residential care. This pressure is likely to increase as the aging population places higher demands on public health services.

Slide 13: Health

As the COTA National Seniors Partnership pointed out in their submission to the *Senate Community Affairs References Committee Inquiry into Poverty in Australia*, “it is also important to note that while ill health can lead to poverty through the increased costs involved for individuals, a high level of stress and social isolation as a result of inadequate income can also have negative long term effects on the health of older people. “For many older adults, lack of money will limit their ability to support their physical and psychological well being.”⁴

While for many people, poverty is a short term experience often brought about by a crisis such as job loss, family breakdown or other event, for seniors experiencing poverty, there is often little opportunity for them to change their circumstances in the longer term, and poverty risks being passed on between generations.

We can't always choose what hand life will deal us. Poverty is unearned, unfair and unlucky. We can not blame those individuals affected but rather we need to look at society as a whole and ask ourselves what we can do to ameliorate poverty in the short term and eradicate it from Australian society. The Social Policy Research

⁴ Watson & Hall, 2001, p25 referenced in the COTA National Seniors Partnership submission to the *Senate Community Affairs References Committee Inquiry into Poverty in Australia*

Centre has estimated that to eradicate poverty from Australia it would only cost a small fraction of Australia's Gross Domestic Product – a mere 2.4%.

What can be done to address poverty in Australia?

Both the Commonwealth and state and territory governments must put poverty firmly on the agenda if it to be addressed in Australia. At a basic level, this commitment to addressing poverty, specifically amongst seniors must include:

- A commitment to an Anti-Poverty Strategy as part of a broad Social Vision for the state.
- Providing appropriate, affordable and secure housing options for the homeless and those under financial stress in meeting their housing costs.
- Ensuring that pensioner benefits meet the costs of living.
- Providing resources and funding to social services that offer care, support and assistance to seniors.

To address poverty, and meet the basic human rights of individuals, WACOSS believes that the state government needs to establish a state anti-poverty strategy. Such strategies have been implemented with considerable success in many European countries. In Ireland for example, the implementation of their anti-poverty strategy has, between 1993 and 2000, caused a significant reduction in the numbers of people experiencing consistent poverty, dropping from 15.9% to just 4.3%. Now that the government has agreed to develop such a strategy, it is up to the community, particularly the non government human services sector to ensure that it is developed and implemented in a way that is going to make a real difference to the lives of the poor.

Seniors are uniquely valuable members of our community. A recent paper *The State of Ageing in WA* by Access Economics for the Office for Seniors Interests and Volunteering undertook financial modelling to determine the current costs of the ageing population, the value of contributions made by seniors today, and the projected costs and contributions in 2025 to the Western Australian economy.

Slide 14: State of Ageing Report

The report shows that although accounting for just 20% of the adult population, Western Australian seniors provide nearly 40% of unpaid caring, nearly 25% of unpaid volunteering and 68% of unpaid child minding, at a value of over \$1.1billion. While their contribution to society is immense, the assurance of their wellbeing has some way to go.

Elderly people in Australia have lived through the good and bad times of our history, the booms and the busts. Now is the time to use the benefits of the boom to assist them and all generations, including those to come.

Slide 15: COTA

Seniors organisations have an important role to play in advocating for the alleviation of poverty experienced by seniors, and I wish COTA all the very best in continuing its fine work in progressing the interests of aging Western Australians.

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