

1 Introduction

Four years ago, *Drawing the Line on Poverty – An Assessment of Poverty and Disadvantage in Queensland* (QCOSS 1995) was released amid widespread media coverage in Queensland and across Australia. The national newspaper *The Australian* summarised the report's findings with the heading:

Poverty Clouds Sunshine State's Wealthy Image.

This is just what the report did. It revealed the existence of a significant level of poverty and disadvantage in Queensland and dispelled the myth of growing prosperity created by the State's image-makers.

This report revealed that, on the basis of the most up-to-date statistics (collected in 1989-90), 18% of Queenslanders lived in material circumstances below the Henderson Poverty Line (HPL) before housing costs were accounted for and that among these were counted one quarter of the State's children. It also identified population groups especially vulnerable to poverty such as sole parents, single young people and Indigenous communities. It highlighted the fact that localised pockets of poverty existed and were 'marbled' across the State. The credibility of the report was enhanced by the use of HPL data provided by the Social Policy Research Centre (SPRC) based at the University of New South Wales and 1991 *Socio-Economic Indexes for Areas* (SEIFA) data from the Australian Bureau of Statistics (ABS).

The report also included policy recommendations which, if adopted, would have assisted in the alleviation of poverty for Queenslanders living below the poverty line.

People and Places – A Profile of Growing Disadvantage in Queensland picks up where *Drawing the Line on Poverty* left off. The key objectives of this issues paper are:

- to present and analyse HPL data for Queensland from 1981-82 to 1995-96 provided by the SPRC and to identify significant trends which may have emerged in that period;
- to re-assess the spatial dimensions of poverty and disadvantage in Queensland using one of the SEIFA indexes, the 1996 ABS *Index of Relative Socio-Economic Disadvantage*. This is supported by reference to two recent regional studies.

This, then, can be seen as 'work in progress', building upon the findings of the previous report and providing an ongoing basis for future updating and comparison of trends of poverty and disadvantage in Queensland.

Unfortunately, the picture presented here is bleak. Things have not improved in the period since *Drawing the Line on Poverty* was released. The HPL estimates used here reveal that poverty in Queensland has increased since then and, in fact, has been increasing steadily in the period 1981-82 to 1995-96. Further, many local communities are being impacted by the growing incidence and rate of poverty. By bringing this to public attention in 1999 it is hoped that the Queensland community will act to address the injustice associated with the socio-economic disadvantage faced by a growing number of the State's citizens.

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2 Methodological Issues and Definitions

As noted, HPL data and the 1996 ABS *Index of Relative Socio-Economic Disadvantage* (SEIFA) are the tools used in this re-assessment of poverty and disadvantage in Queensland. A brief description of each is provided here.

2.1 Henderson Poverty Line (HPL)

2.1.1 Methodological Considerations

HPL estimates are used here mainly because they were used in the 1995 report *Drawing the Line on Poverty* and, therefore, will allow for comparison. It is not intended to delve in great detail into the methodological debate about the HPL and poverty measurement ⁽¹⁾. While this is acknowledged as important, this is not within the scope of this paper. The task here is to re-assess the extent of poverty in Queensland and to compare this over time using an accessible and reliable measurement tool.

Other reasons for using HPL estimates in this issues paper are:

- it has proven to be an effective measurement tool for several decades in Australian social policy discourse;
 - it allows for the measurement of ‘before housing’ and ‘after housing’ poverty;
 - the general community is familiar with what ‘the poverty line’ is and what it seeks to measure – for example, it is used extensively in media reports;
- and
- the data have been provided by the SPRC, a highly reputable organisation whose expertise in this area is widely recognised and accepted.

In using the SPRC statistics in this paper, there are a number of terms that need to be defined prior to the presentation and analysis of the data. These are outlined below.

2.1.2 Definitions

The poverty line

The ‘poverty line’ used here is the detailed HPL as defined in the first main report in the 1975 Commission of Inquiry into Poverty. Since then the HPL has been updated by the Melbourne Institute of Applied Economic and Social Research (MIAESR). The poverty line establishes a benchmark income for different household types and sizes, referred to as ‘income units’, and if the level of income falls below this benchmark then an income unit is deemed to be in poverty. For example, the annualised poverty line used for the ‘reference family’ of two adults plus two children with one income earner was estimated as \$410.40 per week for the 1995-96 HPL tables used here.

Once the poverty line has been established for the ‘reference family’, equivalence scales are then used to estimate the poverty line for other income units, taking account of the number of adults and children in the income unit as well as such factors as gender, age and workforce status (Saunders 1998, pp.57-60).

‘Before housing’ and ‘after housing’ poverty

In the tables used here reference is made to ‘before housing’ and ‘after housing’ poverty. This is an important distinction because the cost of housing, being the main consumption item for most people, can be a contributing factor in reducing disposable income needed to purchase other necessary goods and services. Meeting the cost of housing can cause people’s disposable income to fall below the applicable poverty line. This also takes account of the fact that home ownership

has been important in Australia and that, where home ownership is involved, the cost of housing varies at different stages in life. Further, many people are reliant on the private rental market for housing and, depending on the level of income dedicated to rent, this can have a significant bearing on disposable income.

So, this distinction demonstrates the impact of housing costs on disposable incomes and is an important consideration in assessing poverty. These terms can be understood in this way:

- an income unit is said to be in **‘before housing’ poverty** if its after-tax income is below the applicable ‘before housing’ poverty line;
- an income unit is said to be in **‘after housing’ poverty** when both tax and housing costs are deducted and income falls below the applicable ‘after housing’ poverty line.

Other definitions

The SPRC tables used here include the following terms:

- an **income unit** is defined as ‘the unit within which income is shared so as to meet collective needs’ – income units vary in size and composition;
- the **incidence of poverty** refers to the number of income units in each income unit type who were living in poverty at the time of data collection;
- the **poverty rate** is the proportion of a particular income unit type or population living below the applicable HPL;
- the **composition of the poor** or the structure of poverty refers to the proportion of a particular income unit type living below the poverty line out of the total number of those living below this benchmark.

2.2 Socio-Economic Indexes for Areas (SEIFA) 1996 – Index of Relative Socio-Economic Disadvantage

The SEIFA have been developed by the ABS to provide selective profiles of the Australian population. The Indexes are groupings that provide a comprehensive spatial profile of the Australian community. These groupings provide such information as where particular population groups live – for example, the affluent, the disadvantaged, the well educated and highly skilled. They are based on Census 96 data. There are five indexes. However, in this issues paper, the *Index of Relative Socio-Economic Disadvantage* will be used to locate areas of relative disadvantage. To develop this profile of spatial disadvantage, the index uses selected variables such as:

- low-income earners
- relatively low educational attainment
- high unemployment
- rented dwellings
- people lacking fluency in English.

For the purposes of this issues paper, the most disadvantaged Statistical Local Areas (SLAs) in Queensland will be ranked and mapped to complete an updated spatial analysis of disadvantage in Queensland.

The SEIFA data complements the HPL data by providing a spatial profile that takes account of variables other than just income.

2.3 Conclusion

This combination of the HPL and SEIFA data provides a sound basis for developing a profile of growing socio-economic disadvantage in Queensland – identifying people and places affected by socio-economic vulnerability.

3 Henderson Poverty Line Estimates, 1981-82 to 1995-96 – Profile of People

3.1 Introduction

This section of the issues paper presents HPL estimates for Queensland from the SPRC. As noted, the data here are used for descriptive and comparative purposes, specifically to build upon the statistical profile and analysis of poverty in Queensland undertaken in the report *Drawing the Line on Poverty* (QCOSS 1995).

The aim here is to provide a profile of poverty in Queensland now and, where possible, compare the present situation with the recent past, going as far back as 1981-82. While the main task is to compare the circumstances of various income unit types over time and draw some conclusions from this, the issues paper will also locate the situation in Queensland in a national context.

3.2 Poverty in Queensland 1981-82 to 1995-96

Table 1 provides a picture of the incidence and rate of ‘before housing’ and ‘after housing’ poverty in Queensland in the fourteen year period, 1981-82 to 1995-96. **All up, the poverty rate in both categories has almost doubled in fourteen years.** The data map an inexorable rise in the poverty rate during this period so that, on the latest figures, in 1995-96, a situation now exists where 22.3% of income units in Queensland live below the ‘before housing’ poverty line and 20.2% live below the ‘after housing’ poverty line. This translates into 274,000 income units living below the ‘before housing’ poverty line and 248,500 income units living below the ‘after housing’ poverty line. These figures show the significance of housing costs on disposable incomes and, consequently, how this can make the difference between being caught in poverty or escaping it.

Notwithstanding criticisms of the HPL, these data allow for comparison over time, thus providing a standard benchmark by which to measure levels of poverty over the nominated fourteen year period. Further, it is acknowledged that the State’s population has grown rapidly in the period 1981-82 to 1995-96. However, this cannot be used as an argument to dismiss these findings. Population growth cannot be blamed for the increase in poverty in Queensland. The fact is that the estimates in Table 1 show a steady increase in the ‘poverty rate’ – a proportional measure of the extent of poverty within specific income unit groups and within the general population.

3.3 Comparing Queensland with Australia

This part of the issues paper seeks to locate the situation in Queensland in a national context.

Figure 1 provides a comparison of ‘before housing’ poverty rates for Queensland and Australia in the fourteen year period, 1981-82 to 1995-96. This shows that the overall poverty rate for Queensland always exceeded the national poverty rate in that period. So, on the basis of these figures, Queensland’s ‘before housing’ poverty rate has consistently been higher than the comparative national rate.