

Rising poverty is bad for our health

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Basic health care is often out of reach for millions of Australians still living in poverty

Poverty and ill health are frequent companions. This is relatively easy to establish in poor societies where the living standards of people are so low that the problems of ill health “can be laid fairly directly at the door of poverty”.¹ However, the evidence linking low income to poor health is also accumulating in wealthy nations, including Australia.²

This is literally a matter of life and death. In Australia in 2001, a boy born in one of our most disadvantaged regions could expect to live 3.6 years less than a boy born in an area of least disadvantage, while a girl could expect to live 2.4 years less.² The gap in average life expectancy between Indigenous and non-Indigenous men is 18 years.²

This situation is compounded by the fact that basic health services are often beyond the reach of the poorest Australians, especially when major out-of-pocket costs apply. For example, the Australian Council of Social Service (ACOSS) estimates that 40% of Australian adults do not have access to a comprehensive oral health check or a course of basic dental treatment every 2 years. There are more than 500 000 people on waiting lists for public dental care.³ A recent Senate Committee report argued that the “link between health and socioeconomic status has been clearly shown in studies both in Australia and overseas” and recommended that providing people in poverty with broad access to health care services is an essential component of the fight against poverty.⁴

The importance of these issues has been obscured by disagreement over how to measure poverty. However, although measurement problems are universal, this has not stopped other countries, with active government support and involvement, from measuring poverty, seeking new and better indicators, and setting poverty reduction targets. For this to happen in Australia, we need to reignite a public conversation about the role of poverty reduction in the pursuit of social justice more generally. The focus needs to move beyond the achievement of higher average incomes to look at how that increased prosperity is (and should be) distributed, including to those below the poverty line. It seems that poverty has fallen off the agenda in Australia through fear that acknowledging it exists will result in pressure to do something about it, and will raise questions about the wisdom of policies that pay inadequate attention to distributional issues.

This calls for a better understanding of the extent of poverty in Australia and who it affects. A report recently published by Australia Fair (<http://www.australiafair.org.au>),⁵ an alliance of organisations promoting action to improve fairness in Australia, contained a range of international comparisons of wellbeing and attracted wide media coverage. The report featured new research from the Social Policy Research Centre (SPRC) at the University of New South Wales, which indicates that the war on poverty has by no means been won; almost two million Australians live in households with income below the most austere poverty line commonly used in international poverty research.⁶ The proportion of Australians living below this



poverty line has also risen sharply over the past decade or so — a period of strong growth in the economy and employment.

The lowest poverty line used in the SPRC study, which is also used by the Organisation for Economic Co-operation and Development (OECD), was set at 50 per cent of the median disposable income of all Australian households, after adjusting for differences in household size and composition. Many countries use poverty lines set higher (at 60 per cent of median income), but none use a relative benchmark set at a lower percentage of median income, so it is hard to argue that

the line is too high. In the 2003–04 financial year, the 50 per cent of median income poverty line was equivalent to \$249 per week for a single adult, \$373 for a couple, and \$522 for a couple with two children. These incomes are required to meet all household needs: food, housing, clothing, transportation, schooling, household bills, and so on.

Poverty lines are widely used in Australia and overseas as indicators of the risk of financial hardship. Although low incomes tell only part of the story of deprivation and social exclusion, it is an important part. Research underway at SPRC, in collaboration with ACOSS, Mission Australia, the Brotherhood of St Laurence, and Anglicare, indicates that people living below poverty lines have a significantly greater risk of missing out on the “essentials of life”, such as access to medical treatment, warm clothes, and a substantial meal at least once a day,⁷ and of experiencing exclusion from effective participation in the labour market, community services and social networks.

Using the 50 per cent of median income measure, the SPRC study indicates that in 2004, 1.935 million people, or 9.9% of all Australians, including 365 000 children, were living below the poverty line. If the higher (60 per cent of median income) poverty line is used, the number of people in poverty increases sharply to 3.859 million, or 19.8% of the population. Using this measure, 786 000 children — a fifth of all Australian children — were living in households below the poverty line.

Consistent with previous poverty studies, the new estimates show that the risk of poverty is much higher among certain groups. For example, the Australians living below the 50 per cent of median income poverty line include:

- 40.2% of all unemployed people;
- 39.0% of single adults over 65 years of age;
- 31.5% of all people whose income derives mainly from social security;
- 22.8% of single adults of workforce age; and
- 11.4% of sole-parent families.

Examining trends in poverty over time using the two poverty lines, the SPRC research found that poverty in Australia increased significantly over the decade to 2004:

- from 7.6% to 9.9%, using the 50 per cent of median income poverty line; and

- from 17.1% to 19.8%, using the 60 per cent of median income poverty line.

It is notable that, in proportionate terms, the increase in poverty is significantly greater using the lower poverty line: an increase of 32% compared with less than 16%. Thus, the lower poverty line makes the situation appear better at the end of the period, but shows less improvement during the period.

Australian and international research indicates that the correlates of poverty include unemployment and joblessness, the adequacy of income support, and the incidence of low pay. Strong employment growth over the past decade should have made it possible to stop poverty from rising in Australia, but it has not reduced it (at least by 2004). The concentration of joblessness within disadvantaged families and communities, and slower growth in income support payments and low pay compared with average incomes are factors behind the increase in poverty during this period.

To convert strong economic growth into reductions in poverty, a determined effort is needed to improve the skills and capacities of jobless people and increase income support and wages of the most vulnerable. These are among the reasons why the British Government has succeeded in reducing poverty among children over the past decade.⁸ But economic growth by itself will not automatically reduce poverty, although it does generate the resources required to tackle the problem. Combating the cycle of poverty and putting an end to deprivation and social exclusion also requires taking a broader view of living standards than simply income alone; investment in low-cost housing; early child education and care; and sustained, whole-of-government strategies to renew the most deeply disadvantaged communities.

Achieving improved health outcomes becomes more difficult when poverty is high — and rising — because inadequate resources lead to

deprivation and low subjective wellbeing, both of which have adverse health effects. It is for this reason that the health care sector should be concerned about Australia's lack of progress in addressing poverty. Tackling poverty will improve social justice and lay the foundation for our future health and prosperity.

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