

ECONOMIC CLIMATE WORSENS FOR FAMILIES

"I don't know how they manage," is the usual middle class response to being told of the incomes of people dependent on pensions and low wages. Genuine concern is tempered by the knowledge that in some way 'they' do manage. There is no apparent starvation, few reports of malnutrition. There are no people begging in the streets or living in packing cases, except of course the aborigines, who have always been seen as exceptions.

Unhappiness, frustrations, breakdowns in personal and family relationships affect both rich and poor, but the consequences of lack of money are a burden peculiar to the poor.

If those who are better off understand the crippling effects of lack of money, they have become adept at concealing their concern. The policies of all political parties show that those who are better off are not concerned about reducing or eliminating poverty.

The economic situation of already poor families has worsened in the past six years and many newcomers have joined their ranks since the Poverty Commission Report of 1975. Average wages have fallen slightly behind cost of living increases, but most of our indicators are 'averages' which blandly conceal the worse situations experienced by those whose incomes are below the average.

Many people with low income wages, or pension incomes, pay average or higher than average prices for rent, food, clothing and transport from poorly serviced outer suburbs.

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Basic pension rates have just kept up with the C.P.I. over the past four years but at any particular time they are behind current costs because adjustments are made only twice yearly. With the exception of married couples and couples with children, the incomes of people dependent on basic rates of pensions and benefits are below the poverty line, in most cases further below than they were in 1975.

Liberalisation of the means test and abolition of the test on assets has made many more elderly people eligible for pensions. Despite this, the proportion of the total numbers of pensioners of all categories with less than \$6 per week additional income rose by 20 per cent to 881, 830. In other words, there are more 'richer' pensioners and many more poverty line pensioners.

Characteristically, there are no detailed studies to identify the effect of economic circumstances on particular groups, but it is reasonable to assume that the increase in the number of pensioners without extra income is largely a result of inability to supplement pensions with part-time earnings. Families with children are worse off than others when a wife is no longer able to earn.

Those who have no additional income, also suffer from the serious deterioration in the value of fringe benefits.

These supplementary benefits were intended to help those who had no additional income and those responsible for caring for children. The erosion of these payments is evidence of the hypocrisy of a declared policy to concentrate assistance on those in greatest need. It also shows how apathetic the electorate is about the worst excesses of poverty.

Children's allowances payable to pensioner and beneficiary parents responsible for more than 400,000 children, were pegged from 1975 until the 1980 Budget when they were raised by \$2.50. This is still \$3 below the level they should be to maintain the 1975 value, remembering that this was an arbitrary figure with little relationship to the actual cost of keeping children. Mothers and guardian allowances were raised in the August Budget but are still below the value set in the 1960s.

The 1976 replacement of tax deductions for dependent children by substantially increased child endowment, renamed family allowances, and increases in minimum taxable income were of considerable assistance to low-income families but family allowances have not been raised since 1976. Peter Sheehan estimates that "by 1979-1980 the average real value per child of family allowances was about 25 per cent lower than the combination of tax rebates and endowments in 1975-76".¹ The politically attractive 'help' that government sometimes provides



are more than 100,000 families in this situation. A supplementary allowance is needed to raise their income to at least the poverty level.

Unemployment is cutting into the living standards of families where the head is still working. Many wives among the 40 per cent of families previously dependent on two incomes are registered for work or have dropped out of the workforce. The consequent reduction in income has severe effects on the family budget particularly when home purchase has been entered into on the assumption that the wife could continue to work.

Income by itself is not the only determinant of the economic situation of low-income families. The adequacy of income depends on what has to be bought and how much it costs. A low-income family in a rent-rebated Housing Commission house will be better off financially than the unemployed or pension-supported family paying \$60, or half total income, for an indifferent, single-fronted cottage.

There is need for a "The Poor Pay More" study in Australia to identify the many ways in which the poor pay more for many goods and services than better-off people. For example, the poor pay more by having to buy poor quality goods that last less time than more expensive shoes, clothing and household goods. They pay more for repairs and replacement. They are grossly disadvantaged by having to buy on hire-purchase, which adds astronomically to costs in comparison to prices paid by those who pay cash or put down larger deposits.

While they pay more, they earn less if they have any savings. The interest paid by savings banks on small deposits is 3%. The better-off who can afford to place savings on deposit earn three times as much, 10%. To add insult to this injury, the low-income person's savings are lent to those better off to buy homes, but no funds are available for lending to low-income families.

If a low-income person is able to buy a second-hand car, and it is often essential if no other transport is available, it is likely to be heavy on fuel consumption and expensive to maintain. Economic models are beyond the reach of those who need them most.

The inner suburbs are another economic battleground of privilege where the poor are losing. Low-income people are being forced out of

families through the tax system, such as increased tax concession for a dependent spouse, are of marginal or no use to low-income people who have little taxable income.

Supplementary rent allowances for pensioners with no additional income have not been increased since 1969. The current rate is \$5. It should be \$35 if indexed to inflation. The abandonment of Medibank obliges low-income families to join queues at public hospitals which may involve costly travel, to pocket their pride and ask the local G.P. to accept them as 'disadvantaged' or to pay for medical services at the expense of some other essential need.

A new group of poor are the unemployed families. Their numbers are not large but their need is. They are submitted to a stricter test

on permissible earnings than pensioners, and are not entitled to rent allowance or eligible for the Pensioner Medical Scheme. Many are experiencing longer periods of unemployment. The average time out of work is now over 30 weeks. This greatly compounds the social, as well as economic, effects of having income reduced to such low levels.

It is usually assumed that all the poor are among the two million people receiving pensions and benefits. But there is another group of families below the poverty line who are beyond the reach of pensions, benefits and children's allowances. These are families where the head, usually a male, is at work but receiving wages that are below the poverty line when the size of the family is taken into account. It is estimated that there

suburbs where transport costs are lower and there is cheap and easy access to markets and public entertainment. In Melbourne, the Government's policy of selling its low cost housing stock leaves low-income families the choice of high rise flats or high cost living in the fringe dormitory estates.

The consequences of economic hardship are not only lack of goods and access to services. Constant inability to live as others do in a

society where the media bombards with its definition of the good society, corrodes self-esteem and family relations. It makes parents guilty that they cannot give their children the standards and the opportunities they would like. Discussion over what to spend a small income on, leads to bickering and anger and can destroy otherwise amicable relations between husband and wife. Impatience and anger conceal the hurt of having to refuse children what other children

enjoy . . . the school outing, new jeans or a visit to the pictures. Excessive consumption of the advertised carbohydrate foods has harmful effects on health. The foods are not cheaper generally but alternatives are not promoted or readily available. Escapes from the impossibility of being poor in a high cost, affluent, consumer-dominated society are found in alcohol, drugs or even gaol which may bring relief from debts and decisions. ■

Anyone who doubts the social consequences of being poor in Australia should read the recently published, "On The Bread Line".² interviews with 21 people who have experienced poverty, describe vividly the feeling and the effects of being poor. It is a story as told by poor people, not as interpreted by others. Let them have the last word on economic hardship . . .

"In my job I earn a hundred and fifty dollars clear on night shift. I swear by God, by my children, it is not enough to live on. The rent alone is forty-five dollars and we are three weeks behind with it. Each month we have to pay a hundred and thirty-five dollars to the bank as an instalment on the loan that was taken out for us to get to Australia. So we can't save anything — not even from the child endowment. We don't have any money to buy new clothes or toys for the children, even on special occasions, and they become upset and cry. When we go shopping we have to buy whatever is cheapest. But we spend to the best of our ability on food so the children will be healthy. Our family has strong ties and we help each other as much as we can. But I should like not to have to rely on help from other people. I can't see that our situation can get any better, though, until my wife can go to work."

— Lebanese man with wife and five children.



"I think the pensions are very low. They should be brought up to the basic wage, really, or at least above the poverty line. You get left very short, food-wise. Sometimes you get cunning, like dicing up the potatoes so it looks like a lot on the plate. I always have to shop for 'specials'. It's a big degrading, you know — in fact, it's really bad — but it's the only way to live."

— Supporting mother with four children.



"A lot of people think if your husband works all the time he gets a lot of money. But it's not true. He takes out ten

dollars for himself for cigarettes and that, and out of the hundred and ten dollars that's left, by the time I've made all the payments to everyone, it works out that we have about thirty-five dollars left each week for food, clothes, gas and electricity. Sometimes we eat sausage meat for a week, and nothing else — no potatoes, no vegetables, no nothing."

. . . "They look at you as if you're some sort of freak. And they think that 'cos you live in a Housing Commission place you're different. People say, 'Oh, how can you bear to live in a Housing Commission area?' Well, beggars can't be choosers. I feel like Old Mother Hubbard. Every day in the mail there's somebody saying, 'Pay this. Pay that. Pay something else.' I can't take all these debts and all the worry. (Weeping.) I've made four suicide attempts already. I don't think people really understand what poverty is."

— Married woman with three children.



"If I can catch up on me spellin' and writin' I reckon I can get a good job and I'd get up every mornin' . . . But it's hard to say what'll happen. If I have kids, I'd like them to grow up the right way, we have a proper home for 'em. I'd like to offer them somethin' better than I've had, you know. Clothes, more education, a proper house, furniture, plenty of blankets for the kids if they're cold or anythin' like that — food in the cupboard! When I'm about sixty I'd really like to think that I'd done that."

— Sixteen year-old unemployed boy.

REFERENCES

(1) Sheehan, Peter. *Crisis in Abundance*. Penguin Books, 1980.

(2) Brewer, Graeme. *On The Bread Line*. Hyland House, 1980.