



Community Affairs References Committee
Senate Standing Committees on Community Affairs
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Inquiry into the extent and nature of poverty in Australia

Westjustice welcomes the opportunity to provide a submission to this Inquiry and commends the Senate Standing Committee for its efforts on such an important topic. Westjustice is a community legal centre in the Western Suburbs of Melbourne servicing the local government areas of Maribyrnong, Hobsons Bay and Wyndham, and the Sunshine and Werribee Magistrates' Courts. We provide free legal advice, representation, education, community development, advocacy and policy across four impact areas: people experiencing economic injustice; people experiencing family and gender-based violence; youth; and culturally and linguistically diverse (CALD) communities. Every day we see how poverty contributes to, compounds, and perpetuates further disadvantage and forces people into the justice system.

Melbourne's Western Suburbs comprise a thriving, multicultural community. As of the 2021 Australian Census, Melbourne's Outer West comprises Australia's most multicultural area and the fastest growing – Wyndham is Australia's fastest growing municipality and houses five of the top ten of Australia's most multicultural suburbs and the highest proportion of young people (about 30 percent of the population, or nearly 90,000 young people). But these suburbs are also in crisis by many metrics. Many suburbs, including Wyndham Vale, Werribee, Tarneit and Hoppers Crossing, are significantly disadvantaged based on Socio-Economic Indexes for Areas ratings¹. The Outer West also has higher than average youth offending rates², family violence rates³, and casualised workers⁴. A significant portion of the community is reliant, at least in part, on social security payments to survive. These communities were also some of the hardest hit by the health and economic impacts of the pandemic and Melbourne's six lockdowns. Very few of them had recovered financially before this current cost of living crisis hit, compounded by interest rate rises, and a decrease in wages and pension in real terms, relative to inflation. Many disadvantaged people now live on the edge; even middle-income residents are struggling with the rising costs of living and are accessing support services for the first time ever. This renders our integrated legal services more vital than ever but also more strained than ever.

We will address the terms of reference below, with reference to our casework, client stories and community experiences. We have grouped our feedback under relevant headings, but note that poverty is almost always cyclical and multi-faceted, so many examples and recommendations relate to multiple terms of reference.

¹ .idcommunity (2021), *City of Wyndham – SEIFA by Profile Area*, available at [link](#) (accessed 26 August 2022)

² Crime Statistics Agency 2022, *LGA Criminal Incidents Year Ending March 2022*, Melbourne, Victoria.

³ Ibid.

⁴ Barnes, T, Doidge, S 2021, *Scarring Effects of the Pandemic Economy*, Australian Catholic University, Melbourne, Victoria.

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(A) the rates and drivers of poverty in Australia

We see a number of drivers of poverty, including poverty itself, and a lack of access to services and infrastructure. Poverty breeds poverty – when people cannot make ends meet and are forced to prioritise every dollar, it means that some bills will be prioritised over others. This can lead to poor or panicked financial decisions such as payday loans or buy-now-pay-later schemes (outlined in more detail below). This begins a cycle that we constantly see in our practice of ‘the criminalisation of poverty’, where people are chased for the debts and fines they incur for having no money in the first place. For instance, poverty means that families are forced to go without vital things in favour of other vital things – families often have to choose between keeping a house warm, keeping the lights and Internet on, buying birthday presents, school uniforms, groceries and petrol. We have lawyers in a number of schools in the Outer West who regularly hear from students, teachers and principals that families cannot afford train or bus fare for their kids to get to school. This means students travel without a ticket and risk a fine that their family will not be able to pay. That then means that students are getting off the train or bus if they see a ticket inspector and either showing up to school late, or simply not at all.

Despite Melbourne’s Outer West being the fastest growing area in Australia, infrastructure provision has not kept pace with demand or with population growth. People in Melbourne’s West do not have access to infrastructure at the same rate as their neighbours in the North, East and South. The Outer West has fewer public schools, libraries, hospitals, and pools and a dearth of public transport when compared with the rest of Melbourne⁵. The public transport that does exist is unreliable and not fit for purpose – many suburbs are serviced by regional V-Line trains that do not run as often as the electrified rail. The train stations that do exist are over-crowded – Tarneit’s V-Line station became the second busiest in Victoria outside of Melbourne’s Southern Cross the day it opened. This lack of infrastructure not only entrenches poverty, but also pushes people into the justice system. 59.8 percent of working residents in Wyndham need to leave the suburb for work⁶, but the lack of public transport means many people are forced to drive to work. However, widespread disadvantage means many people are driving without paying for insurance, registration or road tolls, thereby risking unaffordable fines and again having their poverty criminalised. Some fines for driving an unregistered car are more than the registration fee itself, while a fine for travelling without a valid train ticket in Victoria is more than a low range speeding fine (\$277 vs \$231).

Lack of access to services also drives and entrenches poverty. One of the best ways to curb the risk of longer-term health, social and legal issues is to intervene early, but this is only effective if services are available. If people cannot access early treatment for physical or mental ill health, these conditions can become chronic, costing more in the long run and leading to poorer health and life outcomes. We see this same cycle with our clients: they often delay or are afraid to seek legal help, and only seek our help when a matter has escalated. This often makes their legal problems worse and reduces their options for resolution, leading to poorer legal and life outcomes.

⁵ Infrastructure Victoria 2021, *Social Infrastructure in Melbourne’s Growth Areas*, Melbourne, Victoria.

⁶ .idcommunity (2021), *City of Wyndham – Residents’ place of work*, available at [link](#) (accessed 26 January 2023)

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Moreover, many of the services that exist to support low-income people (such as community legal centres) are at breaking point, with funding and resourcing not keeping pace with post-pandemic demand or population growth. For example, when many homes in Maribyrnong were flooded in October 2022, our Tenancy legal service already had a four-week waiting list. Support services are now more important than ever, but many services remain underfunded, and oversubscribed, meaning many people in need are going without vital help.

(B) The relationship between economic conditions (including fiscal policy, rising inflation and cost of living pressures) and poverty

(E) The relationship between income support payments and poverty

We are addressing terms of reference B and E together because we believe them to be inextricable. Current economic conditions – pandemic recovery, rising interest rates, high inflation, rising costs of living and stagnant wages – are putting pressure on more people than ever. We are seeing more demand for our services than ever, including from cohorts who have not traditionally had to rely on CLCs or other poverty support services. However, Australia's welfare payments are below the poverty line, which means people who rely on welfare payments will never get ahead, irrespective of prevailing economic conditions – hence us addressing them together.

We are seeing more and more people within our community relying – at least in part – on social security payments to survive, but are increasingly turning to payday loans, buy-now-pay-later schemes, and consumer leases to top up welfare payments⁷. We see our clients reach for these products when they feel they have no other options, without fully appreciating or understanding the exorbitant interest rates and fees they attract. Our clients frequently take out multiple loans consecutively or concurrently, adding to the financial pressure they are under and trapping them in debt spirals that are extremely difficult to extricate themselves from. It is common for our clients to obtain further loans to pay off existing loans because their financial position is not sufficient to meet the repayment obligations of the loans. Individuals end up paying back significantly more than they ever borrowed or much more than the leased product was ever worth. The only reason they must rely on these predatory products is because of poverty and marginalisation, which is exactly the profile that these products are designed to target.

(C) The Impact of Poverty on Individuals in relation to:

i. Employment outcomes

Employment is also an area that demonstrates the cyclical nature of disadvantage and the interconnectedness of this inquiry's terms of reference. The lack of affordable housing means those experiencing economic disadvantage are often forced to live in outer suburbs which reduces their access to employment opportunities close to home. This means many people are forced to travel to other areas for work, also makes them more susceptible to accepting insecure work or underpayment, as any job is better than no job at all.

⁷ Westjustice has made separate submissions on consumer credit reform matters, most notably the recent Financial Sector Reform Act 2022 and the Treasury review into unregulated credit.

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Our employment and equality law service encounters many people unable to confront exploitative employment practices due to their dependency on their job, lack of alternative employment options, and limited financial resources. These people often have English language limitations, lack of legal knowledge, and general economic disadvantage, and can feel trapped in underpaid employment, unwilling to confront their employer for fear of being driven further into poverty through unemployment and a lack of alternative opportunities.

ii. Housing Security

Only 2.9 percent of Victoria's current housing stock is social housing. While the Victorian and Federal Governments have both announced social housing build commitments in the last year, these will not cure decades of underinvestment. Last year, there was a conservative estimate of 119,350 people on the waitlist for public and community housing in Victoria. Westjustice currently encounters significant numbers of clients who:

- Are forced to go without essentials to maintain private rentals;
- Are forced to live further away from their community, employment, or health and education services, just to afford rent;
- Live in unsafe or insecure informal arrangements, including subletting, couch surfing and a combination of registered and unregistered rooming houses; or
- Endure situations of ongoing family violence to avoid housing instability and potential homelessness on a single income.

iii. Health Outcomes

While we cannot directly comment on the health implications, we regularly assist clients driven into the legal system by disadvantage, which can create stress or mental ill health. We also know that services like Westjustice and health services – particularly in Melbourne's Outer West – are currently in high demand that we simply cannot meet.

iv. Education Outcomes

Our school lawyers regularly witness students and families experiencing disadvantage who rely on schools to fill gaps for things they cannot afford, such as for breakfast programs, homework clubs, travel passes through the Travel Assistance Program, extracurricular activities, and many other student programs. However, many schools – particularly those in the Outer West, which has Victoria's biggest state school – are constrained in their ability to provide for these needs due to limited funding and teacher shortages, meaning students often go without. This can impede academic and social progress in the shorter and longer terms. Schools should be adequately funded to address these gaps.

We have addressed further implications of poverty on education outcomes above (with young people unable to afford to get to school) and below (with New Zealand citizens unable to access the Higher Education Loan Program (HELP) loans but unable to afford further study without one).

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(D) The impacts of poverty amongst different demographics and communities

While we believe this whole submission is relevant to the demographics and communities of Melbourne's Western Suburbs, and those in economic disadvantage who need legal help, there are two demographics we would like to highlight: those experiencing family or gender-based violence; and the New Zealand-born population.

Family violence victim survivors

Family violence and economic abuse are primary indicators for being at risk of entering or of exacerbating poverty. Research by the University of Technology Sydney showed: 75 percent of women who left their most recent violent relationship and moved out of home left behind property and assets; 50 percent of women who experienced partner violence were reliant on government benefits as their main form of income; and a large proportion of survivors in paid employment still experienced considerable financial stress⁸. Conversely, we also see a lot of clients who are experiencing family violence but cannot leave because they are also being economically abused, with debts incurred in their name that force them to stay with a violent partner. We have seen debts raised by Centrelink because a victim survivor was forced to obtain certain benefits fraudulently by the perpetrator, or the perpetrator applied for benefits on behalf of the victim survivor using false information. For these women, the choice is violence or poverty, even homelessness. While the Federal Government does fund some specialist initiatives to assist people experiencing economic abuse, these payments are currently only available to Australian citizens and only within seven days from deciding to leave a violent relationship.

New Zealand Citizens

The Wyndham Local Government Area has a significant New Zealand-born population who present frequently in our youth, family violence, and tenancy services. New Zealanders who arrived here after February 2001, when there was a change in reciprocal social security agreements between the two countries, are ineligible for most government payments (such as Jobseeker, Parenting Payments and the National Disability Insurance Scheme), or their access is extremely restricted (such as for HELP loans).

This inequitable treatment has significant and severe consequences. An individual or a household who has lived and worked in Australia for several years and are suddenly impacted by a serious life event such as a job loss or a family member's neurodegenerative condition cannot rely on ongoing government support to assist them. Our school lawyer program regularly encounters young people who may have arrived in the country half a decade earlier and consider themselves 'Australian', who only realise in their final years of high school that they will not be able to afford to join their peers in ongoing study. This means they often disengage from further education, which can limit their future employment opportunities. Paths to permanent

⁸ Summers, A. (2022). The Choice: Violence or Poverty. University of Technology Sydney. <https://doi.org/10.26195/3s1r-4977>, p.11.

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residency and its associated entitlements are presently very limited. A waiver on the most arduous income requirements of the Skilled Independent (Subclass 189) Visa has only been applied to existing applications, but a new application currently cannot be made on this basis until at least 1 July 2023.

(F) Mechanisms to address and reduce poverty

Based on the above, we recommend the following measures to address and reduce poverty in the short and longer term, noting it will take a range of measures at all government levels:

An immediate raise in benefits above the poverty line and better access to support payments

Above all else, the economic precariousness that influences contact with the legal system, delayed health and welfare engagement, panicked or impulsive decisions leading to debt, infringements or prosecution, and women and children remaining in violent situations is in no small part due to Australia having one of the lowest unemployment benefit rates in the OECD. We stand with multiple community groups and legal and financial services in calling on the Federal Government to raise JobSeeker rates and associated supplements so recipients can afford the basic costs of living and do so with dignity and without having to turn to alternative forms of income.

An end to economic abuse and to punishing or criminalising the victim-survivors of family violence

The Federal Government needs to sustainably fund specialist initiatives to assist people experiencing economic abuse. While Centrelink does offer crisis payments for family violence, this payment is currently only available to Australian citizens and only within seven days from leaving a violent relationship. This timeframe should be substantially increased, and the payment extended to migrants, refugees, and those on temporary visas. The Federal Government should also establish a scheme for victim survivors of family violence to apply to have their Services Australia/Centrelink debts waived if the debt was incurred in circumstances of economic abuse.

For those fleeing family violence, the Federal Government should provide long term funding for a national flexible support packaging scheme, similar to the one operating in Victoria. Funding to improve home and personal security should be funded separately.

While Westjustice raised these steps in its submission to the National Plan to End Violence Against Women and Children 2022-2032, we are yet to see concrete steps to act on these recommendations.

Equitable Outcomes for New Zealanders resident in Australia

We note the Federal Government's previous commitment to re-consider future migration and citizenship pathways for New Zealanders, made in July 2022. We emphasise again that steps to make this process easy, affordable and fair will constitute a significant opportunity for this cohort to avoid or escape poverty, enhance opportunities for further education and employment, and ensure their significant ongoing cultural and economic contribution to Australia.

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An Integrated Federal Government Commitment to Affordable Housing

The Federal Government should commit to coordinating and financially assisting all states and territories to fund and build public housing and to improve housing affordability in the immediate term.

Better funding for Community Legal Centres and other support services

As noted above, support services for those experiencing poverty are overburdened and underfunded, particularly post-pandemic. Despite Westjustice servicing the fastest growing urban area in Australia with significant levels of disadvantage, we are constantly forced to prioritise who we service and turn away large numbers of people who have very limited financial resources to deal with a range of criminal, employment, infringement, administrative and family law matters. This is true for the broader CLC sector too.

Additional state government support and pilot funding from charitable funds has never been able to fully resolve the financial impact of the Federal Government's 1996 withdrawal from its co-operative funding arrangement with state and territory Legal Aid Commissions, which resulted in a \$33.16 million per annum reduction in funding from 1997/1998. As has been previously noted, this decision saw the Federal Government effectively abandon an accepted responsibility for assisting Commonwealth persons, which was also recognised under international treaties and covenants⁹.

Community legal centre funding has continued to fall behind in real terms since the late 1990s. Noting that some anti-poverty measures are longitudinal, and the potential for timely legal and financial interventions to prevent or mitigate poverty, enhancing Federal support to the community legal sector and restoring a significant Federal Government role would have an immediate and meaningful effect on poverty by helping people access their rights. Simultaneously, it would avert other costs in terms of health, justice, and emergency response outcomes (as noted in the Productivity Commission's Inquiry into Access to Justice).

We thank you for taking the time to consider this submission. If the Committee would like any further detail on our response or on any Westjustice client experiences or projects, we would be more than happy to meet to discuss. Please contact the Director, Policy and Innovation Program, Caitlin Caruana (caitlinc@westjustice.org.au), who would be more than happy to assist.

Yours sincerely,



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⁹ <https://ro.uow.edu.au/cgi/viewcontent.cgi?article=1008&context=gsbpapers> Rix, Mark. "Legal Aid, the Community Legal Sector, and Access to Justice: What Has Been the Record of the Australian Government?" ,2007.