

POVERTY IN RURAL AUSTRALIA

...good health and wellbeing in rural and remote Australia

People in rural and remote areas have lower average incomes than those in the capital cities. The prevalence of poverty is higher in the rural parts of the majority of States and Territories. The exceptions are NSW and Western Australia, where metro-rural comparisons of rates of poverty are influenced by the very high cost of housing in Sydney and Perth. But all of the population groups at higher risk of poverty are present in greater proportion in rural areas.



What is poverty and how is it measured?

Poverty is a relative concept. The word is used to describe the situation where people in a particular society cannot afford the essentials that most people in that society take for granted. While many Australians juggle the payment of bills, people categorised as living in poverty have regularly to make difficult choices – such as skipping a meal to pay for a child's textbook.

In Australia and elsewhere, poverty is measured using 'poverty lines', which specify a particular income judged to be the minimum for family groups of particular sizes to have command over a basket of necessary goods and services. Families with less than the specified level are in 'income poverty'.

Based on the (quite austere) OECD poverty line of 50 per cent of median income, and after taking account of housing costs, in 2012 some 2.55 million people in Australia (13.9 per cent of the total population), including 603,000 children (17.7 per cent), lived in households with income below the poverty line. This equates to a disposable income of less than \$400 per week for a single adult and less than \$841 per week for a couple with two children.

In 2010-11, wage and salary earners outside Australia's capital cities earned 15 per cent less. Aboriginal and Torres Strait Islander people, of whom around 65 per cent live outside the major cities, are disproportionately affected by poverty; median incomes of Indigenous households are just 65 per cent of those of non-Indigenous households. The 60 per cent of Indigenous people in Very remote areas are in the lowest income quintile, compared with 40 per cent of Indigenous people in major cities.

Another indicator of poverty is 'deprivation' - the situation in which people cannot access some essential goods or services through having to spend the majority of their income on other unavoidable items such as health care or housing.

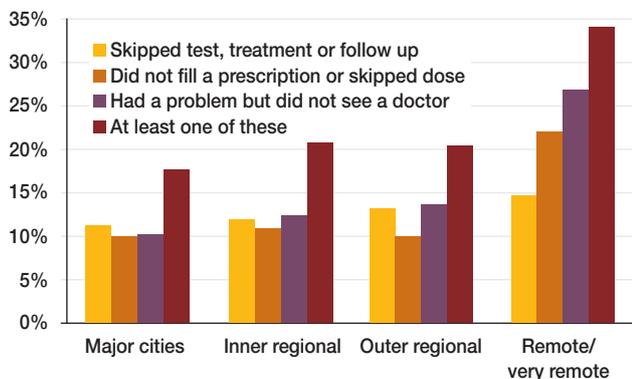
The Productivity Commission Staff Working Paper on *Deep and Persistent Disadvantage in Australia* published in 2013 reported that:

- the prevalence of deprivation is highest in large towns and rural areas, and lowest in the inner city;
- rates of social disengagement of residents from large towns and rural areas were higher than those recorded by residents of the inner city – the main difference being lower rates of participation of children in school activities and outings;
- residents of rural areas reported the highest rates of service exclusion – particularly in relation to medical and dental services, child care and financial services;
- people in small country towns and rural areas had higher rates of economic exclusion than residents of the inner city, evidenced by their difficulty in raising \$500 in an emergency or \$2000 within a week; and
- the highest prevalence of deep and persistent exclusion was recorded by people in outer regional areas, followed by those in inner regional areas. The prevalence in remote areas was unassessed, but would in all probability be higher again.

The cost of housing in regional and remote areas tends to be, respectively, 75 per cent and 65 per cent of housing costs in Major Cities (although [data](#) from WA suggest housing costs in remote areas can be higher than in major cities), but other costs are higher. The costs of food and petrol, for example, increase with increasing remoteness, so that in Very Remote areas they are respectively about 15–20 per cent and 10 per cent more expensive than in Major Cities. The cost of health care (including associated travel and accommodation) also increases with increasing remoteness. In some states, energy costs are also higher in regional areas than metropolitan areas. An Ernst and Young [survey](#) found that people in regional areas are significantly more likely than those in metropolitan areas to be unable to afford their electricity bill; 78 per cent in

the regional areas, compared to 49 per cent in cities. The combination of lower incomes and higher pressures on those incomes often means that people in rural and remote areas are more likely to skip visits, treatments, tests and medications because of cost.

Proportion of people who reported access barriers due to cost in the last year, by remoteness, 2010



Source: Grattan Institute analysis of data from The Commonwealth Fund (2011)

Poverty in rural Australia

The average rate of poverty in Australia is 13.9 per cent.

Slightly higher rates in some areas are due to higher rates of un- and under-employment. Particularly vulnerable are sole parents, unemployed people, families relying on social security, Aboriginal and Torres Strait Islander people and people living with a disability. There is a higher proportion of all of these population groups in rural areas than in the major cities. Aboriginal and Torres Strait Islander people are consistently disproportionately represented among people accessing certain income support payments (Newstart, the Parenting Payment and Youth Allowance). All of these payments provide an income below the poverty line.

Households living in poverty in rural areas have additional problems which exacerbate it, such as poor access to health services, transport difficulties, poor local infrastructure, and vulnerability to drought and other natural hazards.

Farming families often have a measure of wealth in the land they own and, theoretically, such wealth is offset against low income in 'bad' years. This is the well-known syndrome of being 'income poor and asset rich' with which policies relating to income security have grappled for years. It is often the case that a considerable number of farming households have inadequate incomes even in a 'good' year for agriculture.

The following table compares the risk of poverty in the capital city and the rest of the state/territory for each jurisdiction in 2011-12. The risk of poverty was greater outside capital cities in Victoria, Queensland, South Australia and Tasmania. In New South Wales and Western Australia very high housing costs in the capital cities increased the risk of poverty for people living in those cities.

The risk of poverty by state, 50% of median income (%) (2011-2012)

State	All	Capital city	Balance of state (non-capital city)	Difference (Balance of State minus capital city)
NSW	14.6	15.0	13.8	-1.2
VIC	13.9	13.7	14.3	0.6
QLD	14.8	13.9	15.4	1.5
SA	11.7	11.5	12.5	1.1
WA	12.4	12.4	12.4	0.0
TAS	15.1	13.8	16.0	2.2
ACT and NT	9.1	-	-	-
TOTAL	13.9	13.8	14.0	0.2

Source: ACOSS, Poverty in Australia 2014

Issues associated with poverty

People living in poverty commonly suffer greater levels of physical and mental illness. The high stress associated with living in poverty can also contribute to behaviour which increases health risks, such as smoking and poor diet. Poverty is therefore one of the key social determinants of poor health, including in rural and remote areas.

Health care costs tend to rise faster than CPI, which compounds the difficulties for people on low income, particularly if they have a chronic condition needing regular care. People living with a disability in rural and remote areas face higher costs for medication, equipment, aids, appropriate housing, transport and personal care. And those who are most disadvantaged socio-economically are twice as likely as those who are least disadvantaged to have a long term health condition.

Rates of unemployment and underemployment are usually higher outside Australia's capital cities than within them. Good access to affordable community services can help mitigate the effects of poverty and enable disadvantaged people to participate in social and economic life. But good access to services is not a characteristic of smaller and more remote communities. Community resilience and social capital, however, may characterise smaller communities and their existence should be enhanced and promoted.

Relatively high rates of poverty and deprivation are among the adverse social and economic determinants of poor health experienced by people who live in rural and remote areas.

Note: Much of the information in this Fact Sheet is drawn from the fourth edition of ACOSS's *Poverty in Australia*, published in October 2014. A joint report from ACOSS and the NRHA, *A snapshot of poverty in rural and regional Australia*, (October 2013) provides further details on both poverty and deprivation and can be accessed here: ruralhealth.org.au/document/snapshot-poverty-rural-and-regional-australia