Emerging Issues 2018
for Community Sector Leaders

#EmergingIssues2018
Rebecca Cassells

Principal Research Fellow, Head Research Impact & Engagement

Bankwest Curtin Economic Centre
Deliver high quality, accessible research that enhances our understanding of key economic and social issues that contribute to the wellbeing of West Australians families, business and communities.
What are the major economic and social challenges affecting WA?

Themes and issues:

• WA economy - an overview
• Labour markets still in transition and lagging
• Poverty and Disadvantage
• Scarring effect of persistent poverty
ECONOMIC OUTLOOK FOR WESTERN AUSTRALIA
WA Economy lagging behind
Mining playing an even greater role than before
WA LABOUR MARKETS
Full-time employment growth lagging behind

<table>
<thead>
<tr>
<th>Employed Persons ('000)</th>
<th>Change from:</th>
<th>Change from</th>
<th>Change (%) from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>12,480.5</td>
<td>+19.3</td>
<td>---</td>
</tr>
<tr>
<td>NSW</td>
<td>3,959.1</td>
<td>+7.3</td>
<td>1</td>
</tr>
<tr>
<td>VIC</td>
<td>3,243.0</td>
<td>+0.3</td>
<td>4</td>
</tr>
<tr>
<td>QLD</td>
<td>2,476.9</td>
<td>+4.2</td>
<td>2</td>
</tr>
<tr>
<td>SA</td>
<td>837.7</td>
<td>+2.7</td>
<td>3</td>
</tr>
<tr>
<td>WA</td>
<td>1,338.0</td>
<td>+0.2</td>
<td>5</td>
</tr>
<tr>
<td>TAS</td>
<td>246.4</td>
<td>+0.0</td>
<td>8</td>
</tr>
<tr>
<td>NT</td>
<td>136.0</td>
<td>+0.2</td>
<td>5</td>
</tr>
<tr>
<td>ACT</td>
<td>230.9</td>
<td>+0.2</td>
<td>5</td>
</tr>
</tbody>
</table>
WA Unemployment above national trends
Employment gains and losses by sector - WA

Figure 21: Change in number of employed by industry, full and part-time, February 2017 to February 2018

Note: Estimates' are sourced from the 'original' series and have not been adjusted to take into account seasonality or longer-term trends.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Authors’ calculations from ABS Cat 6202.0.55.003.
POVERTY – INCIDENCE AND IMPLICATIONS
Poverty – Incidence and implications

- Income and wealth inequality
- Incidence and depth of poverty among children and young people
- Prevalence of poverty and vulnerabilities – who is at highest risk?
- Do government transfers protect against poverty?
- The scarring effects of financial vulnerability
What is income poverty?

- A measure of the deficiency of income relative to a benchmark.

- ‘Standard’ income poverty measure is 50% median.

- More severe measure – 30% median.

- Standardised to control for household needs, using *equivalised* disposable income *after housing costs*
# Depth of income poverty – Australia

<table>
<thead>
<tr>
<th>Poverty base</th>
<th>Standard poverty (50% median income)</th>
<th>Deep poverty (30% median income)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>Households</td>
<td>14.1%</td>
<td>1,253,982</td>
</tr>
<tr>
<td>People</td>
<td>11.1%</td>
<td>2,580,601</td>
</tr>
<tr>
<td>Children</td>
<td>12.1%</td>
<td>727,822</td>
</tr>
</tbody>
</table>

**Notes:** Poverty rates are calculated as the percentage of children in households where real equivalised household disposable incomes (after housing costs) fall below 50 per cent of the median. Nil and negative incomes are excluded from all poverty calculations. Data are re-based to 2017 prices. Housing costs included mortgage repayments, rent and property rates.

**Source:** BANKWEST CURTIN ECONOMICS CENTRE | Authors’ calculations from HILDA longitudinal survey data, 2015
## Depth of income poverty – WA

<table>
<thead>
<tr>
<th>Poverty base</th>
<th>Standard poverty (50% median income)</th>
<th>Deep poverty (30% median income)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>Households</td>
<td>10.9%</td>
<td>103,439</td>
</tr>
<tr>
<td>People</td>
<td>8.5%</td>
<td>209,305</td>
</tr>
<tr>
<td>Children</td>
<td>7.2%</td>
<td>43,985</td>
</tr>
</tbody>
</table>

**Notes:** Poverty rates are calculated as the percentage of children in households where real equivalised household disposable incomes (after housing costs) fall below 50 per cent of the median. Nil and negative incomes are excluded from all poverty calculations. Data are re-based to 2017 prices. Housing costs included mortgage repayments, rent and property rates.  
**Source:** BANKWEST CURTIN ECONOMICS CENTRE | Authors’ calculations from HILDA longitudinal survey data, 2015
Child poverty far more prevalent for single parents
The economic impact of vulnerability on young people

• What is the impact of financial vulnerability in childhood and adolescence on the future economic outcomes of young people?
• Use the HILDA survey to track young people after they leave the family home – select those observed for at least three years before and three years after leaving home
• Compare young people according to the degree of financial vulnerability faced while in the family home:
  (i) no poverty at home
  (ii) poverty at home
  (iii) persistent poverty at home
• How do their future economic outcomes compare?
Employment rates of young people after leaving home...

- Not in child/youth poverty while in the family home
- In child/youth poverty while in the family home
- In persistent child/youth poverty while in the family home
Non-participation rates of young people after leaving home.....
Poverty rates of young people after leaving home.

Age of young person vs. Probability of being in poverty (%)

- Not in child/youth poverty while in the family home
- In child/youth poverty while in the family home
- In persistent child/youth poverty while in the family home
Summary Points

• WA is lagging behind the rest of Australian in terms of economic activity – this has implications for labour market outcomes...which also has implications for preventing and escaping poverty.

• The WA labour market has been underwhelming when it comes to full-time jobs – it’s been a story of part-time work, particularly in the health and caring sector.

• Construction is lagging and pulling the state down – we need to think about whether there is a need for a stimulus.
Summary Points

• Income poverty is less prevalent in WA than national trends – but still important and needs to be contextualised.

• There are significant scarring effects of persistent poverty for children and young people that need to be addressed now to prevent the inevitable cycle of disadvantage that these families are experiencing.

• Welfare payment are increasingly inadequate as a protection against poverty, and *have* to be part of the equation
Further reading:

BCEC Quarterly Economic Update
BCEC Focus on WA Series
BCEC Monthly Labour Market Update
Heightened risk of poverty among young single families....

- Children in single parent families face a far higher risk of poverty
- More likely to experience financial hardship and material deprivation.
- Nearly **one in three** children in single parent households are in poverty and one in seven in severe poverty.
- Lone person - $145; single parent - $270 per week
Kasy Chambers
Executive Director
Anglicare Australia
What are the emerging social issues?
Is our sector and services prepared?
Emerging Issues

- **Society**
  - Patchwork Economy/economic premiere
  - Decrease in empathy – growth of “otherness”
  - Criminalisation and marginalisation of welfare
  - Individualisation of risk - employment
  - Growing anonymity
  - Concentration of wealth
  - Changes in housing patterns
  - Population growth

- **Sector**
  - Employer of the working poor
  - Fit for purpose for the new demographics
  - Changes in funding models
  - Missing the target of person centred care
  - Professionalism v caring communities
  - War on advocacy
## Number of Job vacancies by level

<table>
<thead>
<tr>
<th>Job Vacancy skill level</th>
<th>total</th>
<th>National percent (rounded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>64507</td>
<td>37%</td>
</tr>
<tr>
<td>Level 2</td>
<td>15006</td>
<td>9%</td>
</tr>
<tr>
<td>Level 3</td>
<td>19947</td>
<td>12%</td>
</tr>
<tr>
<td>Level 4</td>
<td>46105</td>
<td>27%</td>
</tr>
<tr>
<td>Level 5</td>
<td>25979</td>
<td>15%</td>
</tr>
<tr>
<td>All vacancies total</td>
<td>171544</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source – Internet Job Vacancy Index, data for May 2017*
Emerging Issues

• Society
  • Patchwork Economy/economic premiere
  • Decrease in empathy – growth of “otherness”
  • Criminalisation and marginalisation of welfare
  • Individualisation of risk - employment
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• Sector
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Housing tenure type

Figure 2: Housing tenure change, Australian households, 2011–16 and 2006–16

Notes: PRS comprises paying rent to a real estate agent or person not in the same household. Social rental comprises paying rent to a state or territory housing authority or housing cooperative, church or community group. All Australian households also includes: ‘other renters’, ‘other tenure’ and ‘tenure not stated’.

Source: Calculated from ABS Census of Population and Housing, Basic Community Profile (2006, 2011) and General Community Profile (2016).
<table>
<thead>
<tr>
<th>#</th>
<th>Household Type</th>
<th>Payment Type</th>
<th>Number Affordable &amp; Appropriate</th>
<th>Percentage Affordable &amp; Appropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Couple, two children (one aged less than 5, one aged less than 10)</td>
<td>Newstart Allowance (both adults)</td>
<td>55</td>
<td>0.4%</td>
</tr>
<tr>
<td>2</td>
<td>Single, two children (one aged less than 5, one aged less than 10)</td>
<td>Parenting Payment Single</td>
<td>11</td>
<td>0.1%</td>
</tr>
<tr>
<td>3</td>
<td>Couple, no children</td>
<td>Age Pension</td>
<td>257</td>
<td>2.3%</td>
</tr>
<tr>
<td>4</td>
<td>Single, one child (aged less than 1)</td>
<td>Parenting Payment Single</td>
<td>9</td>
<td>0.1%</td>
</tr>
<tr>
<td>5</td>
<td>Single, one child (aged over 8)</td>
<td>Newstart Allowance</td>
<td>1</td>
<td>0.0%</td>
</tr>
<tr>
<td>6</td>
<td>Single</td>
<td>Age Pension</td>
<td>60</td>
<td>0.7%</td>
</tr>
<tr>
<td>7</td>
<td>Single aged over 21</td>
<td>Disability Support Pension</td>
<td>5</td>
<td>0.0%</td>
</tr>
<tr>
<td>8</td>
<td>Single</td>
<td>Newstart Allowance</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>9</td>
<td>Single aged over 18</td>
<td>Youth Allowance</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>10</td>
<td>Single in share house</td>
<td>Youth Allowance</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>11</td>
<td>Couple, two children (one aged less than 5, one aged less than 10)</td>
<td>Minimum Wage + FTB A (both adults)</td>
<td>5817</td>
<td>46.8%</td>
</tr>
<tr>
<td>12</td>
<td>Single, two children (one aged less than 5, one aged less than 10)</td>
<td>Minimum Wage + FTB A &amp; B</td>
<td>764</td>
<td>6.1%</td>
</tr>
<tr>
<td>13</td>
<td>Single</td>
<td>Minimum Wage</td>
<td>126</td>
<td>1.0%</td>
</tr>
<tr>
<td>14</td>
<td>Couple, two children (one aged less than 5, one aged less than 10)</td>
<td>Minimum Wage + Parenting payment (partnered) + FTB A &amp; B</td>
<td>2244</td>
<td>18.1%</td>
</tr>
</tbody>
</table>

Total No of Properties: 12,437

2017 Rental Affordability Snapshot Perth Metro
Emerging Issues

**Society**
- Patchwork Economy/economic premiere
- Decrease in empathy – growth of “otherness”
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**Sector**
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- Fit for purpose for the new demographics
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## Cost of privilege

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Total expenditure ($B)</th>
<th>Bottom 20% ($B)</th>
<th>Top 20% ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle residence CGT exemption</td>
<td>74</td>
<td>5.1</td>
<td>31.8</td>
</tr>
<tr>
<td>Superannuation – earnings</td>
<td>19.25</td>
<td>-0.06</td>
<td>11.1</td>
</tr>
<tr>
<td>Superannuation – contributions</td>
<td>16.9</td>
<td>-0.05</td>
<td>9.75</td>
</tr>
<tr>
<td>Capital gains tax concession</td>
<td>10.3</td>
<td>0.23</td>
<td>8.4</td>
</tr>
<tr>
<td>Negative gearing</td>
<td>4.55</td>
<td>0.3</td>
<td>1.73</td>
</tr>
<tr>
<td>Private health GST exemption</td>
<td>4.3</td>
<td>0.22</td>
<td>2.26</td>
</tr>
<tr>
<td>Education GST exemption</td>
<td>4.1</td>
<td>0.4</td>
<td>1.51</td>
</tr>
<tr>
<td>Discretionary trusts</td>
<td>2.0</td>
<td>0</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>135.4</strong></td>
<td><strong>6.14</strong></td>
<td><strong>68.55</strong></td>
</tr>
</tbody>
</table>
Environmental Scan

- ECONOMIC
- POLITICAL
- SOCIAL
- SERVICES
- SECTOR
## Environmental Scan

<table>
<thead>
<tr>
<th>Category</th>
<th>Responsible Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Rebecca Castells</td>
</tr>
<tr>
<td>Political</td>
<td>Karen Middleton</td>
</tr>
<tr>
<td>Social</td>
<td>National</td>
</tr>
<tr>
<td></td>
<td>State</td>
</tr>
<tr>
<td>Services</td>
<td>Kasy Chambers</td>
</tr>
<tr>
<td></td>
<td>Chris Twomey</td>
</tr>
<tr>
<td>Sector</td>
<td></td>
</tr>
</tbody>
</table>
Where to from here?

• WA Politics - *some observations*
• *Machinery of government timeline & risks*
• Community services as an ecosystem?
• *The Care Economy*
• Future work & 21C safety net
Political Issues - State

- The honeymoon is over... *Time to deliver*
- Beyond austerity? – *Diversifying WA economy*
- Narrative in Govt? ... *2018 Budget vision*
- Lack of effective Opposition – *need to reframe*
Machinery of Government changes

• The need and long-term benefits of change
• A realistic timeline for impact?
• Cultural change – Community at the heart of it all
• The risks of austerity
• A focus on long-term outcomes
Machinery of Government changes

- The need and long-term benefits of change
- A realistic timeline for impact? 7-10 years
- Cultural change – community at the heart of it
- The risks of austerity
- A focus on long-term outcomes
The Ecosystem Project ...

• What does a healthy CS ecosystem look like?
• Challenging assumptions
  
  *Competition vs collaboration, economies of scale, markets, diversity & choice, resilience...*

• Hollowing out local capacity in NSW
• Principles & metrics
The Care Economy

• UK research on stimulus in 7 OECD nations (incl. Oz)

• 2% GDP in Care: 356,812 jobs (+2.3%)
  indirect = 613,597 jobs (+4.0%)

• 2% GDP Construction: 74,791 jobs (+0.5%)
  indirect = 387,452 jobs (+2.5%)

• Counter-cyclic investment to meet projected need
The Future of Work?

• Human jobs will be *more human*
• WA care workforce – triple by 2030
• A 21\textsuperscript{st} Century social safety net ...
Child poverty rates in WA - post Welfare to Work

<table>
<thead>
<tr>
<th>Year</th>
<th>Couple with kids</th>
<th>One parent with kids</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>8.7</td>
<td>10.8</td>
</tr>
<tr>
<td>2005</td>
<td>12.7</td>
<td>20.3</td>
</tr>
<tr>
<td>2006</td>
<td>7.1</td>
<td>18.7</td>
</tr>
<tr>
<td>2007</td>
<td>15.2</td>
<td>17.2</td>
</tr>
<tr>
<td>2008</td>
<td>10.3</td>
<td>26.2</td>
</tr>
<tr>
<td>2009</td>
<td>7.1</td>
<td>25.6</td>
</tr>
<tr>
<td>2010</td>
<td>6.5</td>
<td>27.6</td>
</tr>
<tr>
<td>2011</td>
<td>7.9</td>
<td>24.6</td>
</tr>
<tr>
<td>2012</td>
<td>5.5</td>
<td>25.1</td>
</tr>
<tr>
<td>2013</td>
<td>5.2</td>
<td>23.7</td>
</tr>
<tr>
<td>2014</td>
<td>7.3</td>
<td>25.2</td>
</tr>
<tr>
<td>2015</td>
<td>3.3</td>
<td>31.8</td>
</tr>
</tbody>
</table>
Youth employment rates after persistent poverty

![Graph showing probability of being in employment by age of young person.](image-url)
The Future of Work?

- Human jobs will be ... *more human*
- WA care workforce – *triple by 2030*
- A 21st Century social safety net ...
- *Fit-for-purpose, resilient and work ready*
- A *Guaranteed Adequate Income?*
Creating an inclusive, just and equitable society where no one is left behind

www.wacoss.org.au
Emerging Issues Panel
Rebecca Cassells, Kasy Chambers
Karen Middleton, Chris Twomey

#EmergingIssues2018
Creating an inclusive, just and equitable society where no one is left behind

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