The important role of charity in the welfare system for those who are food insecure

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A number of changes have been made to the Australian welfare system over the past two decades that have significant ramifications for household food security. Of greatest concern are changes made by the Australian Government that have resulted in payments such as Youth Allowance, Newstart and the Parenting Payment to fall below the poverty line (see Table 1). To compensate for low welfare payments, many Australians now rely on the private sector and on charities for food aid and other essentials to mitigate the impacts of austerity. In this commentary, we discuss the hypothesis that food charity is an inexpensive policy alternative to ensuring an adequate standard of living for welfare-reliant households. We conclude by predicting the significant public health ramifications of this approach.

Twenty years in the making

While Australia has a comprehensive welfare system, providing a range of services to individuals and families across the life span, a change instigated by Prime Minister John Howard in the late 1990s has seen the culture of welfare in Australia move from a rights-based entitlement system to a system based on ‘mutual obligation’. Mutual obligation is underpinned by the goal of increasing the economic and social participation of citizens, with the expectation that any person who can should be employed or completing further education.1,2 The effect of this expectation is that individuals on welfare, the number of job seekers outstrips the number of jobs available.3,4

The Australian welfare system has been further reformed over the past two decades. One of the more substantive changes has been to the eligibility criteria for a number of welfare payments,5 for example, the Parenting Payment Single. Before 2006, single parents on this payment were able to remain on the benefit until their youngest child turned 16.2 Changes in 2006 saw the child’s age lowered to eight years, with subsequent changes lowering it to six years. If, at this time, parents were still in need of financial assistance, they were encouraged to apply for the Newstart Allowance, a benefit otherwise provided to employment seekers at a fortnightly rate several hundred dollars less than the Parenting Payment, and with a range of mutual obligation requirements.5 There is a body of research that shows that this welfare payment change has had a detrimental effect on families, with some forced to move into insecure housing, often foregoing food.5

Table 1: Most common welfare payments in Australia.a

<table>
<thead>
<tr>
<th>Payment type</th>
<th>Recipient</th>
<th>Indicative maximum payment for a single (per fortnight)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged Pension</td>
<td>Aged 65.5 years</td>
<td>$926.20b</td>
</tr>
<tr>
<td>Disability Pension</td>
<td>Have a permanent and diagnosed disability or medical condition, or get a Department of Veterans’ Affairs special rate disability pension due to total and permanent incapacity.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$926.20b</td>
</tr>
<tr>
<td>Newstart</td>
<td>Between 22 and 65.5 years of age, be looking for employment.</td>
<td>$692.90a</td>
</tr>
<tr>
<td>AUSwist</td>
<td>At least 25 years of age, in full-time education.</td>
<td>$592.40a</td>
</tr>
<tr>
<td>Youth Allowance</td>
<td>Less than 24 years of age, in full-time study or apprenticeship or 16–21 years of age and looking for full-time work.</td>
<td>$592.40a</td>
</tr>
<tr>
<td>Parenting Payment</td>
<td>Primary carer of child under eight years of age if single, or six years of age if partnered.</td>
<td>$990.30d</td>
</tr>
</tbody>
</table>

Notes:
- b: Maximum rate, may include Energy supplement, Pension supplement
- c: May include Rent assistance
- d: May include Rent assistance and Family Tax benefit

Further compounding these inequalities in payment rates are years of different benchmarking, resulting in a large gap between pension rates and the payments made to potential workforce participants. For example, recipients who are no longer actively encouraged into employment, including those aged over 65 and disability pensioners, receive $296.20 per fortnight for a single, or $1,396.20 per fortnight for a couple.6 These payments put recipients above the Australian poverty line of $866 per fortnight for a single person living alone after housing cost have been paid.6 However, the situation is different for those recipients who are of working age but who are un- or under-employed, with payments falling below the poverty line, putting recipients at an elevated risk of poverty.6 Under these payment types, a single recipient of the Newstart allowance with no children receives $555.70 and a couple receives $1,003.40 per fortnight, while a student on a Youth Allowance payment is eligible for a maximum of $455.20 per
fortnight. While these recipients may also be eligible for other benefits including rent assistance or a family tax benefit, even with these additional benefits, all payments fall below the poverty line. The Australian Government justifies these low rates on the grounds that they are intended to provide only short-term relief, and that a more generous rate would discourage the unemployed from seeking employment.11

Coping strategies for a $135 shortfall

According to Australian Council of Social Services (ACOSS), after taking account of housing costs, more than 10% of people live below the poverty line in Australia, closer to 20% for children.12 When looking at the depth of poverty for those below the poverty line, ACCOS suggests that one-in-eight people are, on average, about $135 short per week, with many of those who live below the poverty line relying on some form of welfare benefit as their main source of income.13 As a way to cope with the increasing cost of living and the low welfare entitlement, many welfare recipients, especially Newstart recipients, are turning to charity for assistance. This assistance may come in the form of cash payments to cover the costs of utilities, legal and medical advice, or material and food aid.

Households on low incomes are more likely to be food insecure (see Box 1), as essentials such as housing and utility bills are prioritised over food. Few welfare recipients have the discretionary income to purchase the foods they require from the two main retailers, with research suggesting that the cost of a week’s groceries for a single person is $122, going up to $336 for a couple with children.14 These households employ an array of strategies to feed themselves and their families, with many calling on family and friends for assistance, skipping meals, or bulking out meals with simple carbohydrates, as well as increasingly accessing a range of food aid charities for all or most of their weekly groceries.6 This is consistent with recent research showing that food insecurity is more prevalent in households where members receive a payment type with a low financial value, such as the Newstart or Parenting Payment as their main source of income.14

The rise of food charity in Australia

Food aid has grown across Australia since the 1990s, with rapid increase over the past decade (see Figure 1). While there are thousands of emergency relief programs providing subsidised and free meals across the country, including those that offer pre-packaged food parcels, school breakfasts, and prepared meals, there are four major national food banking and rescue programs that support this front-line sector. These main organisations – FareShare, OzHarvest, SecondBite and Foodbank Australia – together rescued approximately 19 tonnes of food in 2008–2009 for re-distribution; by 2016–2017, our estimates suggest this sector has almost tripled in size (51,126 tonnes). While publicly available documents are unclear on the precise types of food distributed, or the extent to which these foods meet Australian Dietary Guidelines or are able to meet the cultural and dietary preferences of food-insecure Australians, these tonnes of charitable food are a mix of perishable surplus food from farms, quick service restaurants, bakeries and retailers, as well as shelf-stable products from food manufacturers including pasta, breakfast cereal, tinned foods and sugar-sweetened beverages.

Over the past few years, we have interviewed hundreds of Australians who were using or had used emergency food relief.15–17 What we found is that the term ‘emergency food relief’ is a misnomer. Many of the participants we spoke with had been accessing emergency food relief for years, with some inter-generational users obtaining half or more of their dietary requirements from church groups, community centres and/or outreach services. A range of reasons have led people to rely on these frontline services, including poor health (both chronic and acute), long-term and short-term unemployment, high costs of living, domestic violence and family breakdowns. We have spoken to people of all age groups, and across rural, regional, and metropolitan areas in Victoria, to try to understand their experiences of the welfare system and how these fit into the charitable food sector. We found that many people perceive the support they receive as a privilege and a gift and assume that their own issues – rather than systemic issues – are the cause of their hunger and inability to meet the cost of living. Our conclusion is that food aid is masking the impacts of a severely ineffective social welfare system.

The Australia Government currently spends $157 billion on welfare, or around $6,500 per person. This includes cash payments, welfare services and unemployment benefits.18 There have been calls in recent years to increase the Newstart allowance, both by a cash amount and also by changing the indexation so that Newstart is more closely aligned with the cost of living in Australia; such a change is projected to lift more than 300,000 people out of poverty, costing the government $3.2 billion dollars in the first year.19 Such an increase would also reduce the burden on charities, even those government funded; currently, the Federal Government spends more than $200 million across 180 relief agencies to help Australians in need, with $4.5 million in funding to three organisations, Foodbank, SecondBite and OzHarvest.19 This federal funding of food relief is, however, modest in comparison to the billions that are projected to be needed to ensure all citizens of Australia have a minimum standard of living. This short-term saving though, will have long-term costs.

Crystal ball gazing

In Australia, thanks largely to entrenched inequality, it can take up to four generations to move out of poverty, that is from the bottom 10% of income to the mean income in society.21 Escaping or avoiding poverty is easier if welfare payments sit close to the poverty line, as is often the case for aged pensioners who may own their home, have no dependent children and have some superannuation. However, for a majority of those receiving Youth Allowance, Newstart, or a Parenting Payment with entitlements that fall well below the poverty line, it is almost impossible to break out of poverty – further embedding and fostering intergenerational poverty.

If there is a not a substantial change in the level of poverty in Australia and the trends to date continue, what are the public health impacts for up to four generations of Australian households who will likely need food charity to cope? Some of the most
concerning include the potential negative effect of the overreliance on charity for health in terms of suboptimal nutrition. Previous research has found that food charities are not in a position to provide sufficient quality or quantity of food, instead providing people with food for approximately three days.22 Our crude snapshot of the growth of the food banking and rescue organisations (Figure 1) suggests that, for the one million estimated food insecure households, there was 51 million kilograms of food available in 2016/17. That is not even one kilogram per food insecure household per week.

Also of concern is the erosion of dignity for many of those who are forced to rely on charity for their essential needs. Research highlights the inherent shame associated with the use of emergency food relief. While the food might be ‘free’, there are hidden ‘costs’ of social stigma and shame, with these feelings having the potential to worsen existing health problems and create further humiliation.23 Finally, of great concern is the large number of children living in poverty in Australia – up to one in five. The research shows that those growing up in poverty are more prone to behavioural problems than other children,24 are more likely to be absent from school,25 and have poorer overall health and wellbeing.26 A reliance on food aid and other charities is unlikely to diminish without some significant changes to the Australian welfare system.

References