

Poverty in Australia: Facts and Solutions

Briefing note

14 October 2024

Facts about Poverty in Australia

- Australia is one of the wealthiest countries in the world.
- More than one in eight adults in Australia (13.4%) live in poverty, including one in six children: about 3,319,000 people, including 761,000 children.¹
- The low level of unemployment, student and related payments in Australia means that people who are not in paid work and have no other source of income are forced to live in poverty.
- People who rely on Jobseeker and Youth Allowance are at high risk of poverty. 60% of households reliant on the JobSeeker Payment are living below the poverty line.²
- Single parent families and people with disability are also at high risk of poverty, with 34% and 25% respectively living below the poverty line. The high rates of poverty among single parent families and people with disability is due to the inadequacy of current financial support with the costs of raising children, chronic illness and disability.
- Australia's unemployment payment JobSeeker is the lowest unemployment payment in wealthy nations as a proportion of average earnings.
- JobSeeker is less than half the minimum wage (43%), and Youth Allowance is just 35% of the minimum wage.
- The gap between JobSeeker and pensions is growing. JobSeeker has decreased from 90% of the pension in early 1990s to 69% of the pension today (\$179 per week difference). Youth Allowance is 56% of the pension.
- Successive interest rate rises have driven an increase in unemployment, rising by 115,000 since mid-2022 when the RBA began raising interest rates.
- 917,000 people currently (August 2024) receive Jobseeker and Youth Allowance payments, an increase of 90,000 since September 2023. Most people receiving these payments (60%) have received them for over a year.

¹ Davidson, P; Bradbury, B; and Wong, M (2023), *Poverty in Australia 2023: Who is affected Poverty and Inequality Partnership Report no. 20*. Australian Council of Social Service and UNSW Sydney

² Ibid.

Figure 1: JobSeeker Payment compared with Pension and Wages, October 2024 (Sources: Services Australia, ABS, Fair Work Commission)

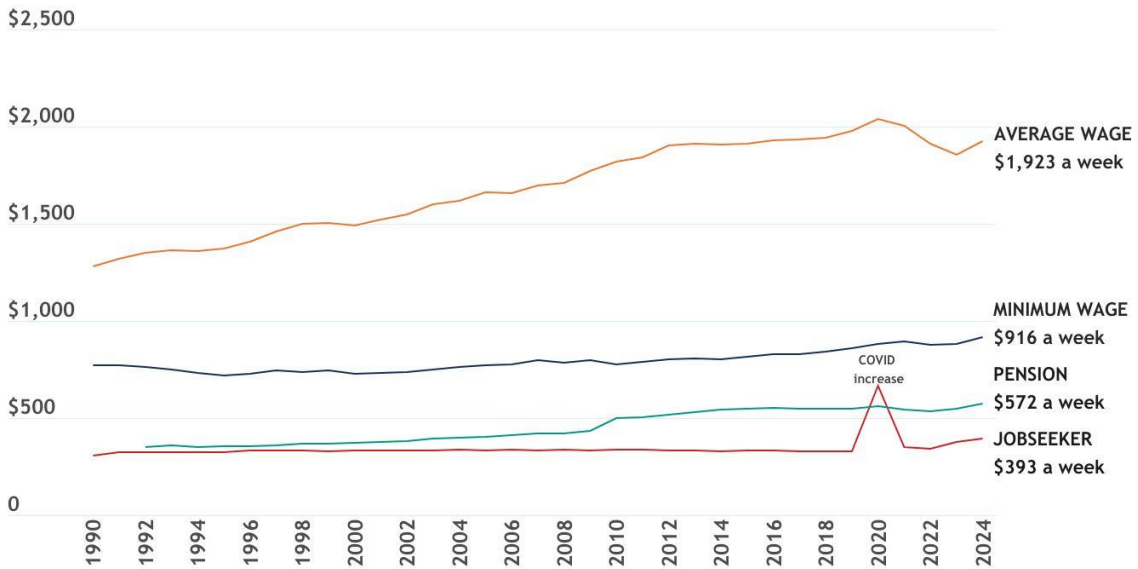
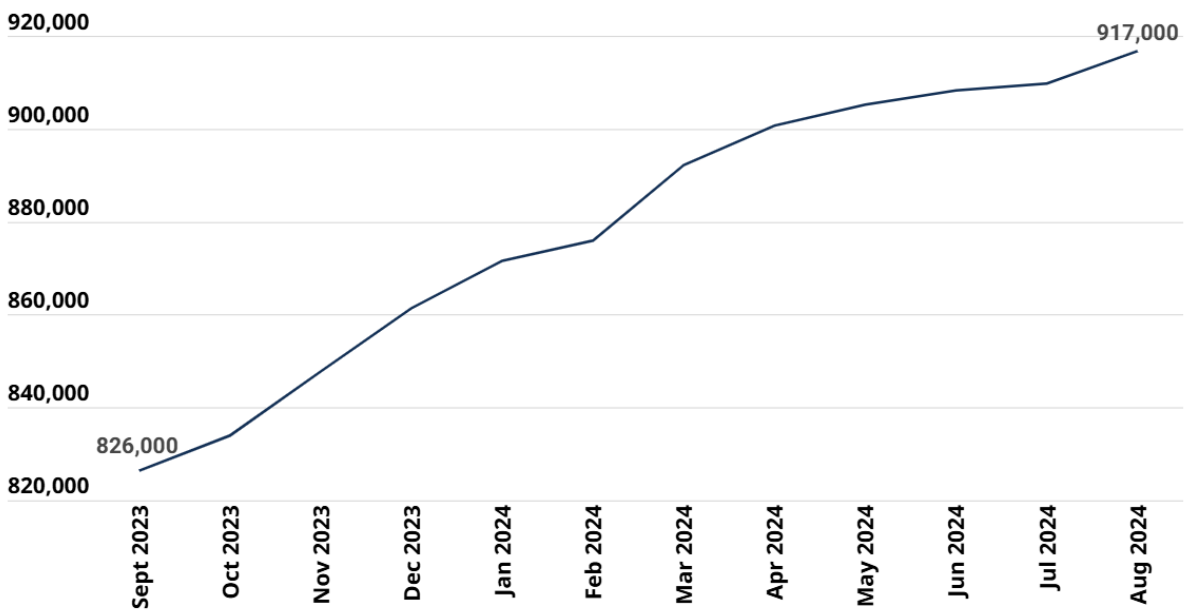


Figure 2: JobSeeker and Youth Allowance (other) receipt, September 2023 - August 2024 (Sources: Department of Social Services)



Solutions to end poverty

Primary solutions to end poverty in Australia are clear.

1. Fix the adequacy and security of income support payments

- Increase Jobseeker, Youth Allowance, Parenting Payment and related payments to at least \$82 a day, in line with pension payments.
- Index payments to wages as well as prices (whichever is higher) at least twice per year.
- Benchmark Commonwealth Rent Assistance and Remote Area Allowance to rents and remote prices respectively and introduce supplementary payments to meet the cost of disability, chronic ill health and single parenthood.
- To reduce child poverty, benchmark Family Tax Benefit to the costs of children and index payment to wages as well as prices, whichever is higher.
- End automated payment suspensions in employment services and introduce a new unemployment payment compliance system informed by a human rights framework and natural justice principles.

2. Help people disadvantaged in the labour market to obtain secure, quality paid work

- Commit to ambitious full employment targets incorporating unemployment, under-employment and a ratio of job vacancies to people unemployed.
- Transform employment services to provide flexible, real help to people and prevent harm. This includes substantially increasing investment in labour market programs, including wage subsidy schemes, VET places and employer-led programs that train people for jobs in priority sectors.

3. Ensure people have a decent, secure place to call home

- Resource the development of a First Nations led and administered housing and homelessness plan.
- Substantially boost social housing investment through a 10-year funding pipeline calibrated to meet unmet social housing need.
- Increase homelessness prevention and service funding by \$1 billion per annum, with indexation to wage and price movements and benchmarking to community need.

4. Support self-determination and justice for First Nations peoples and communities through embedding shared decision-making and community development models

- Deliver the funding and resourcing needed to implement reform priorities and targets under the National Agreement on Closing the Gap, including through shared decision-making models.
- Increase funding for and partner with First Nations community-controlled organisations to support First Nations self-determined, community-led policy solutions and service delivery for First Nations People.

5. Set a national, official definition of poverty for adults and children and targets to halve it by 2030

- A national poverty definition and measures should be developed in dialogue with academics, advocates and people with lived experience.
- Targets should be set to ensure Australia can achieve its 2030 Sustainable Development Goal commitment to halve the number of adults and children living in poverty by 2030, according to national definitions.