



ACOSS AND UNSW SYDNEY

# POVERTY IN AUSTRALIA 2020

PART 2: WHO IS AFFECTED?



UNSW  
SYDNEY



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# Glossary

<b>ABS</b>	Australian Bureau of Statistics
<b>ACOSS</b>	Australian Council of Social Service
<b>After housing costs income</b>	Disposable income minus housing costs
<b>Before housing cost income</b>	Disposable income (without any deduction of housing costs)
<b>CPI</b>	Consumer Price Index
<b>ES</b>	Energy Supplement
<b>FTB</b>	Family Tax Benefits
<b>GFC</b>	Global Financial Crisis
<b>Main earner</b>	See Reference person
<b>NSA</b>	Newstart Allowance (now called JobSeeker Payment)
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PP</b>	Parenting Payment
<b>Poverty line</b>	50% of median household after (or before) housing costs income
<b>Poverty gap</b>	Measure of the average depth of poverty for those living below the poverty line
<b>RA</b>	Rent Assistance
<b>Reference person</b>	Selected by the ABS to represent the household. This term is used as a proxy for 'highest income-earner'. Where the reference person is a member of a couple, in 95% of cases the reference person has a higher income than their partner, in 4% of cases they have equal income, and in 1% the reference person has a lower income. Also referred to as 'main earner'.
<b>UNSW Sydney</b>	University of New South Wales, Sydney

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# Foreword

As we write this Foreword, we are in the grip of the COVID-19 global pandemic crisis.

The devastation of COVID-19 has confronted us all with the serious weaknesses in our social protection systems. Globally and domestically, people living in poverty and without a safe place to call home have been shown to be at far greater risk of being hit by the multiple effects of the COVID pandemic, in health, social and economic terms.

As one of the wealthiest countries in the world, Australia already had an unacceptably high rate of poverty amongst its communities. As we reported in January 2020, as at 2017, there were already 3.24 million people (13.6%) including 774,000 children (17.7%) living below the poverty line. That is one in 8 people, including one in six children.

When the COVID pandemic hit, a further estimated 594,000 people lost paid work<sup>1</sup>, with too many at risk of falling well below the poverty line, at a time when we needed everyone to be secure, and have a safe place to live.

Too often, the experience of poverty has a largely hidden face. After decades of demonising and blaming people for their own circumstances, people affected by poverty have often been silenced and stereotyped in an attempt to divert us from our collective responsibility to end poverty and make sure everyone has enough food and a safe place to live, every day, and every night.

With the impacts of COVID-19, the human face of people lining up outside Centrelink brought the experience of falling below the poverty line into stark and confronting view.

This report, the second in our 2020 series, presents you with full reality of the different experiences of poverty as at 2017. Becoming unemployed is clearly one.

Based on the latest data from the Australian Bureau of Statistics (ABS), this report identifies and tells the story of the different circumstances that can lead to people living in poverty in Australia. Although the data is from the 2017<sup>2</sup> period, prior to the current COVID-19 pandemic, this report provides a baseline against which to measure changes in the profile of poverty in Australia flowing from the crisis and the policy response.

This report follows the “Poverty in Australia 2020: Part 1 – Overview”, published in February 2020. The third report in the series will be on poverty trends. This is the latest report from the ACOSS/UNSW Poverty and Inequality Partnership, a 5-year partnership providing leading research into poverty and inequality in Australia combined with advocacy for change to end poverty in Australia. UNSW Sydney partnership researchers

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<sup>1</sup> ABS (2020): Labour Force, Australia, Apr 2020. Cat no 6202.0. Australian Bureau of Statistics, Canberra, 2020.

<sup>2</sup> Data is from the 2017-18 period. This has been simplified to 2017 throughout the report.



include the academic lead, Associate Professor Bruce Bradbury, Senior Research Fellow Trish Hill and Research Fellow Melissa Wong from the Social Policy Research Centre; Professors Bill Randolph and Hal Pawson and Dr Edgar Liu from City Futures Research Centre; Professors Mark Harris and Evelyne de Leeuw and Associate Professor Margo Barr from the Centre for Primary Health Care and Equity; and Professor Brendan Edgeworth and colleagues from the Faculty of Law. ACOSS partners include Anglicare Australia; Australian Red Cross; the Australian Communities Foundation Impact Fund (and two sub-funds – Hart Line and Raettvisa); the BB & A Miller Foundation; the Brotherhood of St Laurence; cohealth; the David Morawetz Social Justice Fund; Good Shepherd Australia New Zealand; Mission Australia; the St Vincent de Paul Society; the Salvation Army; and The Smith Family. We sincerely thank all partners for their support and contributions to this report.

We would also like to thank UNSW Vice Chancellor Ian Jacobs and UNSW Deputy Vice-Chancellor Equity, Diversity and Inclusion Professor Eileen Baldry for their support of this partnership, and the ACOSS Board and President for their continued encouragement of this work.

Lastly, we would like to acknowledge the team that worked directly on this report from ACOSS and UNSW Sydney: Dr Peter Davidson, Associate Professor Bruce Bradbury, Senior Research Fellow Trish Hill; Research Fellow Melissa Wong, Jacqueline Phillips and Penny Dorsch.



A handwritten signature in black ink, reading 'Cassandra Goldie'.

**Dr Cassandra Goldie**



A handwritten signature in black ink, reading 'Carla Treloar'.

**Professor Carla Treloar**



# Executive Summary

This report, Part 2 of Poverty in Australia 2020, provides the human face of poverty in Australia and explains who is most affected and at risk. Looked at through the varied aspects of life – our age, gender, family relationships, paid work and sources of income, disability and other characteristics – the report provides an insight into who really lives in poverty, and the nature of that experience.

## We need to understand poverty before COVID-19 hit in order to understand the pandemic's effects

The report is informed by data from the 2017 ABS Survey of Income and Housing, so it provides us with a solid understanding of the experience of poverty in Australia before COVID-19 hit. The dramatic effects of COVID-19 are starting to be understood, with Treasury estimating<sup>3</sup> that from February to July 2020, unemployment will double from just over 5% of the paid workforce to 10% or more, with many others facing income reductions. The extent to which poverty increases as a result of COVID-19 will largely be driven by the extent to which employment opportunities begin to again open up, and the adequacy of social protections available to support people without paid work. In the short term, Government intervention is protecting many more people from poverty, with the Coronavirus Supplement<sup>4</sup> for allowance recipients introduced in May 2020. The Supplement roughly doubles the incomes of people receiving JobSeeker Payment (formerly Newstart Allowance) and Youth Allowance for people who are unemployed or students, and increases the rate of Parenting Payment by approximately 60%, at least until September 2020<sup>5</sup>. Further, the JobKeeper Payment puts a floor of \$750 per week under the wages of millions of people employed by, or stood down from, businesses experiencing a sharp decline in turnover.

Future ACOSS/UNSW Poverty and Inequality Partnership reports will explore the impacts of these changes over time. The current report provides a baseline against which to measure changes to poverty pre and post COVID-19.

## Being unemployed remains the greatest risk to living in poverty

The report confirms that as at 2017 being unemployed and of working age remains the greatest poverty risk factor, with two-thirds (66%) of people in households where the main income-earner is unemployed living in poverty. This is a direct result of the historically very low rate of unemployment payments in Australia. In January 2018 (mid-point of the ABS Survey period) the single rate of Youth Allowance (plus Rent Assistance and Energy Supplement) was \$164pw below the poverty line and Newstart Allowance (plus these supplements) was \$117pw below.

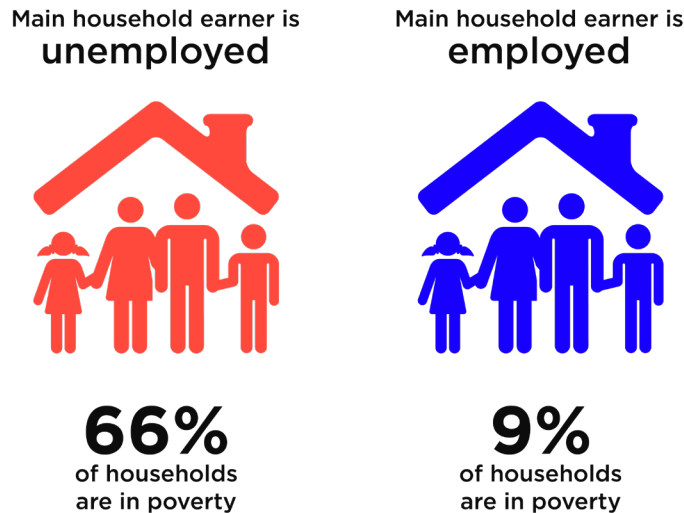
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<sup>3</sup> Frydenberg, Josh (2020): Media release: Jobkeeper payment supporting millions of jobs 14 April 2020. Available: <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/jobkeeper-payment-supporting-millions-jobs>

<sup>4</sup> Frydenberg, Josh; Morrison, Scott (2020): Media release: Supporting Australian workers and business 22 March 2020. Available: <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/supporting-australian-workers-and-business>

<sup>5</sup> Services Australia (2020): A guide to Australian Government payments Services Australia, Canberra, 2020

## People who are unemployed are at most risk of poverty



## Relying on social security rather than a wage means being about five times more likely to live in poverty

Households relying mainly on social security payments are approximately five times more likely to experience poverty (36%) than those relying mainly on wages and salaries (7%). The highest poverty rates are found in households where the main earner receives Newstart Allowance (57%), the consequence of being unemployed with few resources<sup>6</sup>. This also again reflects the grossly inadequate level of the Newstart (JobSeeker) payment which has been the focus of a decade long campaign to Raise the Rate of the unemployment payment.

## Renters are almost twice as likely to live in poverty as home owners with public housing tenants at greatest risk

Australia's housing affordability crisis again reveals itself in this report, with renters most at risk of poverty when it comes to different types of housing conditions. Not surprisingly, the role of housing in aggravating poverty rates is greatest for those renting privately. Taking housing costs into account increases the rate of poverty among people renting privately by 10 percentage points (from 9% to 19%), compared with an increase of 5 percentage points (from 4% to 9%) among home-purchasers and a reduction of 8 percentage points (from 17% to 9%) among home-owners. This points to both high rents (especially in metropolitan areas) and the inadequacy of incomes (including Rent Assistance).

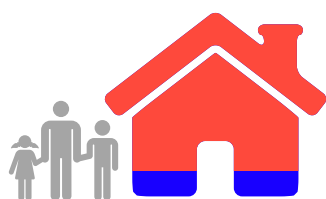
<sup>6</sup> Note that in March 2020, Newstart Allowance (NSA) was renamed JobSeeker Payment. NSA is received by people in all family types, while Parenting Payment (PP) is received by the main carer of a child aged 7 years or less, whether in a sole parent or couple family.

The very high proportion of public housing tenants living in poverty (58%) reflects the highly disadvantaged profile of these tenants and the failure of social security and housing policy settings to meet their basic needs, including housing, without being driven into poverty.

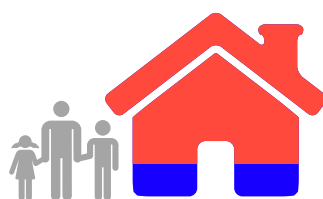
While those of working age are at greater risk of poverty than older people, over 65s who are living in private rental face a relatively high risk of poverty (41%). We will explore the role of housing tenure on poverty rates in the forthcoming Partnership report **Poverty, Property and Place: A geographic analysis of poverty after housing costs in Australia** by Bill Randolph, Edgar Liu and Bruce Bradbury.

## Rent Assistance

**\$78/week**  
(family with 2 children)



**\$550/week**  
average 2 Bedroom Flat  
in Sydney



**\$440/week**  
average 2 Bedroom Flat  
in Melbourne

**Families with children with a female main income earner are more than twice as likely to be in poverty as those with a male main income earner**

More generally, the biggest differences in poverty rates between households in which the main earner is female, compared with male, is in families with children. The average poverty rate among people in families with children where the main earner is female is 23%, compared with 10% where the main earner is male (which is the more common arrangement).<sup>7</sup> In contrast, among households without children, the average poverty rate where the main earner is female is 12%, compared with 10% where the main earner is male.

Over a third of people in sole parent families in which the main earner is female live in poverty (37%) compared with 18% in sole parent families in which the main earner is male, and 10% in partnered families where the main earner is male. This is a startling finding in a country as wealthy as Australia and is a major contributor to our high child poverty rate (18%).

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<sup>7</sup> This calculation excludes the 'other families' category in Figure A1, which includes families with and without children.

## Gender gap

Among sole parent families where the main earner is female, the rate of poverty is 37% compared with 18% in sole parent families where the main earner is male.



**37%**  
poverty rate



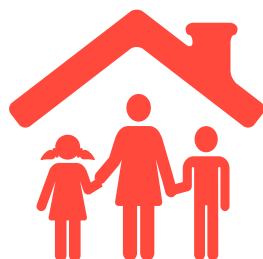
**18%**  
poverty rate

## Almost half the children in single parent families live in poverty

Overall, the risk of poverty for children in sole parent families is more than three times that for children in couple families. For children in sole parent families, a staggering 44% now live below the poverty line.

## Children in sole parent families

Children in sole parent families are 3 times more likely to live in poverty than children in couple families



**44%**  
poverty rate



**13%**  
poverty rate

## Poverty in wage-earning households is concentrated in families with children

The costs of children dramatically change the adequacy of people's wages in protecting families from poverty.

While rates of poverty are lower in households where the main income-earner is employed (9%) compared with 66% where the main earner is unemployed, a large proportion of people in poverty (38%) are in wage-earning households.<sup>8</sup> Of these 38% of all people in poverty, 72% are in families with children.<sup>9</sup>

Underemployment also increases the risk of poverty. Among people in households headed by a person employed part-time, 15% live in poverty. Moreover, 36% of wage-earning households in poverty are headed by someone in part-time employment.<sup>10</sup>

## The solutions to poverty remain clear

This report presents a challenge to policy makers to ensure that, as lock-downs to prevent the spread of COVID-19 are eased, the incomes and wellbeing of people at risk of poverty are secured. Specifically, it points to the need to:

- Set a serious goal of **full employment**;
- Commit to a **flexible employment and training guarantee** to improve the **employment prospects** of people unemployed long-term;
- Permanently **lift social security payments** (including supplements) to above the poverty line to shield people from poverty when they cannot secure employment. We cannot go back to the \$40 a day Newstart (now JobSeeker) payment;
- **Increase Rent Assistance** so that it offers real support to people renting privately in different rental markets around the country;
- **Build more social housing** to improve the supply of secure and affordable homes, especially for people at risk of homelessness.

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<sup>8</sup> This reflects in part the greater number of people in households headed by an employed as distinct from unemployed person.

<sup>9</sup> That is, over a third of people in poverty are in wage-earning households.

<sup>10</sup> The 72% and 36% figures reported here are not mutually exclusive since many households headed by part-time wage-earners do not have dependent children.





# Introduction

This report examines the profile of those living below the poverty line in Australia.

It is primarily focused on those living on after-tax household incomes below 50% of the median (middle) level – the most commonly-used poverty line internationally. We take account of wide variations in housing costs by deducting them from both the poverty line and household incomes. For comparison, we also publish results using the higher 60% of median household income poverty line used by the European Union in a number of places in this report and on the ACOSS/UNSW Sydney [\*\*\*Poverty and Inequality in Australia\*\*\*](#) website.

This report builds on the [\*\*\*Overview\*\*\*](#) published in February, which found that:

- The before housing poverty line (50% of median income, before deducting housing costs) for a single adult is \$457 per week (pw). Larger households have higher poverty lines. For example, for a couple with two children, the poverty line is \$960pw.
- The after housing poverty line is \$374 for a single adult. After deducting their housing costs from their incomes, we found that 3.24 million people are living below this poverty line in Australia. This is 14% of the population or over one in eight people.
- The average 'poverty gap' is \$282 pw. This is the difference between the incomes of people in poverty in various types of families and the poverty line deducting housing costs.<sup>11</sup>

## Who faces the highest risk of poverty?

The following groups have poverty rates well above average:

- People in households whose reference person (usually the main income-earner)<sup>12</sup> is unemployed (66%);
- Public housing tenants (58%) (reflecting the highly targeted nature of public housing and its scarcity);
- People in households whose reference person is of working age and out of the labour force (45%);
- Children in sole parent households (44%);
- People in households whose reference person receives Youth Allowance (43%), Newstart Allowance (57%), Parenting Payment (54%), or Disability Support Pension (41%);
- People aged 65 years and over who are not home owners or purchasers (39%).<sup>13</sup>

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<sup>13</sup> This is mainly people who are renting their housing, and also includes some whose housing status is neither home owner/purchaser nor renter.



## Who are the largest groups among people in poverty?

Groups with a high share of all people in poverty include:<sup>14</sup>

- Women and girls<sup>15</sup> (53%);
- People in households whose main income is social security (51%);
- People of working age – 25-64 years (45%);
- People in households whose reference person is of working age and in paid employment (38%);
- People with disability (37%);
- People in households whose reference person is under 65 years old and not in the labour force – that is, not undertaking paid work or actively seeking paid work for reasons such as study, retirement, disability etc. (35%);
- Couple households with children (34%);
- People in households whose reference person receives Age Pension (28%), Newstart Allowance (24%), or Parenting Payment (23%).

This is either due to their large share of the overall population (for example wage earning households and couples with children), and/or their elevated rates of poverty (for example, people relying mainly on social security and people with disability).

## Why do some groups face a much higher risk of poverty than others?

Since the poverty measure used here is benchmarked to median (middle) household incomes and takes account of housing costs, the level of household incomes and housing costs have an impact on poverty.

The following factors influence poverty rates:

- People in households without paid employment face a much higher risk of poverty than those with earnings, while families on low wages with children to support are among the largest groups in poverty

Where the household reference person is unemployed, 66% of household members are in poverty, and where that person is not in the labour force 45% are in poverty, compared with 9% where the reference person is employed

On the other hand, since a much higher proportion of all people live in households supported by one or more wage-earners, and wages and family payments often fail to cover the costs of children, 27% of all people in poverty live in families with children with at least one wage-earner to support them.

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<sup>14</sup> These groups are not mutually exclusive.

<sup>15</sup> 'Girls' in this context means females aged over 15 and under 18

- Some groups have much lower rates of employment than the overall population aged 15-64 years (74% of whom are employed):

They include sole parents (59%), people with disability (48%), and recent migrants from North Africa and the Middle East (30%). This is due to factors such as disability, caring roles, and discrimination.<sup>16</sup>

- Even before taking account of housing costs, income support payments (especially for single people) were well below the poverty line in January 2018 (the mid-point of the financial year of the ABS survey).

The single rate of Youth Allowance (plus Rent Assistance and Energy Supplement) was \$164 pw below the poverty line, Newstart (plus these supplements) was \$117 pw below, while the single pension (plus Pension and Energy Supplements) was closer to it, but still \$10 pw below.<sup>17</sup>

- The cost of housing makes the greatest difference to poverty among private tenants.

Taking housing costs into account increases the rate of poverty among people renting privately by 10 percentage points (from 9% to 19%), compared with an increase of 5 percentage points (from 4% to 9%) among home-purchasers and a reduction of 8 percentage points (from 17% to 9%) among home-owners.<sup>18</sup>

- Rent Assistance payments for tenants with low incomes are well targeted to those in poverty, but poverty is still high among households receiving it (32% among private tenants and 43% among community housing tenants). This is due to the low rates of Rent Assistance compared with actual rents. For example, in January 2018 maximum rates of Rent Assistance (\$67pw for singles without children and \$78pw for singles with 2 children) were well below median rents for one and two bedroom flats in Sydney (\$490pw and \$550pw respectively) and Melbourne (\$360pw and \$440pw respectively).<sup>19</sup>

Families with children where the main earner is female face a higher risk of poverty. Among sole parent families where the main income earner is female, the rate of poverty is 37% compared with 18% in families where the main income earner is male, and 13% in partnered families with children.<sup>20</sup>

<sup>16</sup> ABS (2018), Labour Force, Australia detailed (January 2018); ABS (2019) Survey of disability, ageing and carers, 2018; ABS (2017), Labour force status and Other Characteristics of Families, June 2017. Note that data for people with disability and sole parents were not available for January 2018. The figure for recent migrants from North Africa and the Middle East refers to employment status 5-10 years after settlement in Australia.

<sup>17</sup> Most pension recipients own their homes, so do not receive Rent Assistance.

<sup>18</sup> Here we compare poverty rates 'before housing costs' and 'after housing costs', as explained in the next section of this report.

<sup>19</sup> Housing NSW (2018) op.cit. ; Department of Human Services Victoria (2018) op.cit.

<sup>20</sup> As discussed later, we use the 'reference person' identified by the ABS as a proxy for the person with the highest income in the household. Where the reference person is a member of a couple, in 95% of cases the reference person has a higher income than their partner.

# 1. About this Report

This is Part 2 of the Poverty in Australia 2020 report, which is the latest in the Poverty in Australia series, part of the Poverty and Inequality Partnership between ACOSS and UNSW (Sydney).<sup>21</sup>

Poverty in Australia 2020 updates estimates of poverty from our previous reports.

**Part 1 (overview)** of Poverty in Australia 2020<sup>22</sup>, published in February 2020, revealed the proportion of all people and children living in poverty in 2017-18 (referred to as 2017 throughout the report for simplicity), the latest year for which household incomes data are available from the ABS, and trends in overall poverty levels from 1999 to 2017.

**Part 2** breaks the overall figures down to show how rates of poverty vary among different demographic groups and people with different sources of income, and also charts the profile of those in poverty in 2017 (for example, which groups comprise the majority of those living in poverty). It also examines the reasons some groups face a greater risk of poverty than others.

**The third and final part** will examine trends in poverty among different groups from 1999 to 2017.

This information contributes to a better understanding of the extent of poverty, the circumstances of financially vulnerable and disadvantaged people in Australia, and the main factors influencing poverty levels.

More details about how the poverty estimates are calculated can be found on the Methodology Page of the poverty and inequality website at <http://povertyandinequality.acoss.org.au/methodology>.

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<sup>21</sup> The companion publication, 'Inequality in Australia' profiles income and wealth inequality.

<sup>22</sup> Available to download at: <http://bit.ly/PovertyOverview>





## REBECCA'S STORY

I am a single mother earnestly seeking work for the past years!! (there are just no employers willing to take a chance on me - I'm qualified for Business Administration, but everyone wants experienced workers...). I receive no child support. I pay \$450 rent fortnightly, and \$65 electricity (I always owe as I simply do not have the money to pay on time). I do not drive (I have no-one who can teach me, and at \$60 an hour I cannot afford lessons). After I pay for food - and I cannot afford to eat fresh fruit/vegetables or non-processed meat etc. as it is simply too expensive (and taxis - in regional NSW the buses are very unreliable) I have approx \$50 remaining, which I spend on medication.

We do not have the internet, or a decent computer as I cannot afford it - which is an issue as my son is in Year 8 and ALL work (including homework) is completed online... Teachers simply do not think to accommodate for students where this is not possible. My main worry is money. How will I survive? I have never taken my son on holiday (it's an impossible dream) and I can't give him the basics that others have, which has led to bullying and mental health issues for him. I can't even buy clothes - this winter I will freeze (all my clothes are 5 years or older and are quickly becoming worn out) and will have to rely on my son's father to clothe him. I am terrified of the future - when he leaves, how will I afford to live??? It honestly scares me to death - when my son leaves school, I will be homeless (I already live in some of the cheapest housing in my town, but on Newstart alone, I couldn't even afford that...)

The public housing in my town is absolutely full, and the waiting list is long... Unless I miraculously find work, I am screwed.

## 2. How poverty is measured in this report

For the purpose of this report, people are in poverty when their household's disposable income falls below a level considered adequate to achieve an acceptable standard of living. Rather than measure living standards directly (for example, by asking people whether they have to go without necessities), we set a benchmark for the adequacy of household incomes of one-half (50%) of the median or 'middle' household disposable income. This is the 'poverty line'. For comparative purposes, we also report the number of people who fall below a higher poverty line set at 60% of median household disposable income in Tables 2 and 3 and, for other measures, on the [ACOSS/UNSW Sydney Poverty and Inequality Partnership website](#).<sup>23</sup> In this way, we measure poverty by comparing the spending capacity of people with low incomes with that of 'middle Australia'.

It does not follow that these poverty measures are simply measuring overall inequality, or that poverty cannot be eliminated while income inequality exists. It can be eliminated by lifting the lowest incomes (including social security payments, paid working hours and minimum wages) to at least half the median level. We can also see the direct impact of policy changes on poverty levels, for example the drop in poverty amongst older people associated with the increase in pensions in 2009.

People's spending power is affected by more than their incomes. This report also takes account of two factors that have a large impact on the ability of a household to live decently at a given level of income.

First, we adjust (or 'equivalise') disposable incomes to take account of family size. Clearly, a couple with two children needs more money to achieve the same living standard than a single person living alone. Poverty lines are adjusted in this way, as illustrated in Table 1. So the 50% of median income poverty line for a single person is \$457pw in 2017, and for a couple with two children is \$960pw.

Second, we take account of variations in the largest fixed cost of most low-income households: housing. At a given level of income, outright homeowners can achieve a much higher standard of living than most tenants or people with mortgages because their housing costs are lower. This is especially important when measuring poverty among older people.

To take housing costs into account, a separate set of 'after housing costs' (AHC) poverty lines is used (last two columns of Table 1). These are calculated by subtracting housing costs from disposable income before calculating the median, so they are lower than the 'before housing costs' poverty lines. In 2017 the after-housing costs poverty line for a single adult is \$370pw (compared with \$457pw 'before housing'). The poverty status of each household is established by deducting its housing costs from its disposable income and comparing the remaining amount with the after-housing costs poverty line. All references to the 'poverty line' in this report refer to the 50% of median income after housing costs poverty line, unless otherwise stated.<sup>24</sup>

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<sup>23</sup> The 50% of median income poverty line is used by the OECD, while the higher 60% of median income poverty line is used by the European Union. We differ from the OECD approach by also subtracting housing costs from after-tax income. (Some of the published results from the OECD also use a different adjustment for household size). Australia does not currently have an official national poverty line, despite our obligation under the Sustainable Development Goals to 'by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions. See: <https://www.un.org/sustainabledevelopment/poverty/>.

<sup>24</sup> To compare poverty lines with community incomes, such as social security payments, we use the before-housing costs (BHC) poverty lines.

**Table 1: Poverty Lines by family type, 2017 (\$pw after tax)**

	<b>50% of median income, before housing costs (BHC)</b>	<b>60% of median income, before housing costs (BHC)</b>	<b>50% of median income, after-housing costs (AHC)</b>	<b>60% of median income, after-housing costs (AHC)</b>
Lone person	\$457	\$548	\$370	\$444
Couple only	\$686	\$823	\$555	\$665
Sole parent, 2 children	\$731	\$877	\$592	\$710
Couple, 2 children	\$960	\$1152	\$776	\$932

Note: The main poverty line used in this report is 50% of median income, after housing costs.

We report the results of this research in three ways. First, we report the percentage of individuals belonging to different groups in households living below the 50% of median income poverty line, after housing costs.<sup>25</sup> This gives us estimates of the rate of poverty for each group (for example, the risk that children in sole parent families will be living in poverty).

Second, we report the percentage of all individuals living below the 50% of median income poverty line, after housing costs, that belong to different groups. This gives us estimates of the profile of poverty for each group (for example, the percentage of all individuals in poverty who are children).

Third, we calculate 'poverty gaps' for people living below the poverty line. This tells us about the depth or severity of poverty: how far below the poverty line are those living in poverty? The poverty gap is expressed in dollars per week and as a percentage of the after housing poverty line.

Further detail of the methods used to produce the estimates in this report is contained in the Methodology Page of the poverty and inequality website, available at <http://povertyandinequality.acoss.org.au/methodology/>

<sup>25</sup> The data used are from the latest ABS Survey of Income and Housing (2017). We exclude from the survey sample households reporting zero or negative incomes and self-employed households, since their reported incomes may not be good indicators of their living standards. Estimates of the total number of people who are below the poverty line (as opposed to the poverty rate) compensate for these exclusions by inflating the estimates by the ratio of the total population to the non-excluded population. For the overall estimate of poverty numbers, this is equivalent to assuming that the excluded households (e.g. self-employed households) have the same poverty rate as those not excluded.



### 3. People in poverty in 2017

As Part 1 of this report revealed, (available at: <http://bit.ly/PovertyOverview>) after taking account of housing costs, more than one in eight people (13.6%) live below the 50% of the median income poverty line (Table 2). The poverty rate among children is much higher, at more than one in six (17.7%). In total, there are 3.24 million people in poverty, including 774,000 children (Table 3).<sup>26</sup>

For comparison, Tables 2 and 3 also include results when the higher 60% of median income poverty line (used by the European Union) is adopted. These figures are not included in the rest of the report but are published on the ACOSS/UNSW Sydney Poverty and Inequality Partnership [website](#).

We now look beyond the overall numbers to compare the rate and the profile of poverty among different groups in the population.

The **poverty rate** (Table 2) refers to the **risk of poverty** among people drawn from each group (for example sole parents). The **profile of poverty** (Table 3) refers to the **share** of each group in the population of people in poverty.

Looking at poverty from these two perspectives yields different results. For example, the rate of poverty is higher for sole parent families (at 35%) than for couples with children at 11% (Table 4). There are, however more couples with children than sole parents overall, so a higher proportion of people below the poverty line come from partnered families: 34% from couple families with children compared to 18% from sole parent families (Table 5) when using the 50% poverty line.

Table 2 shows that the following groups face an elevated risk of poverty (20% or more), compared with the overall rate of 13.2%:

- People in households whose reference person (usually the main income-earner) is unemployed (66%);
- Public housing tenants (58%) – reflecting the highly targeted nature of public housing and its scarcity;
- People in households whose reference person receives Newstart Allowance (57%), Parenting Payment (54%), Youth Allowance (43%) or Disability Support Pension (41%);
- People aged 65 years and over who do not own/purchase their home (41%)<sup>27</sup>
- People in households whose reference person is of working age and out of the labour force (45%);
- Children in sole parent households (44%);
- People in households whose main income is social security (36%);
- Single people without children (27%).

<sup>26</sup> Part 1 of this year's Poverty in Australia report examined some of the main drivers of our overall level of poverty, and also reported on 'poverty gaps': the average gap between the incomes of those below the poverty and the poverty line itself. Find out more at <http://povertyandinequality.acoss.org.au>

<sup>27</sup> This is mainly people who are renting their housing, and also includes some whose housing status is neither home owner/purchaser nor renter.



Regrettably, the ABS survey on which these data are based does not identify Aboriginal and Torres Strait Islander people. A separate study by Markham & Biddle (2017), estimated that 31% of Aboriginal and Torres Strait Islander people are living in poverty, based on the 50% of median income poverty line, but without taking account of housing costs.<sup>28</sup>

**Table 2: Rates of poverty - percentages of people from different groups living below poverty lines in 2017, after housing costs (%)**

<b>2017</b>		
<b>All people (1)</b>	<b>50% of median</b>	<b>60% of median</b>
All	13.6	21.0
<b>By age (1)</b>	<b>50% of median</b>	<b>60% of median</b>
Under 15 years	17.7	25.7
15 – 24 years	13.9	19.3
25 – 64 years	11.8	17.2
65 years +, owner/purchaser	10.0	24.1
65 years +, renting	41.0	58.1
<b>Children (1)</b>	<b>50% of median</b>	<b>60% of median</b>
Children in sole parent households	44.2	56.1
Children in couple households	12.7	19.7
Children in other households	6.5	20.1
All children	17.7	25.7
<b>By gender (1)</b>	<b>50% of median</b>	<b>60% of median</b>
All men & boys	13.1	20.0
All women & girls	14.1	21.9
<b>By gender of household reference person (3)</b>	<b>50% of median</b>	<b>60% of median</b>
Male	10.2	16.5
Female	19.2	28.4

<sup>28</sup> This estimate is derived from 2016 Census data, using a before-housing poverty measure and the same equivalence scale as the present study. This is likely to result in a lower poverty rate than the method used in this study because before-housing poverty rates are generally lower. Further, the relatively high level of non-declaration of income among Aboriginal and Torres Strait Islander census respondents reduces estimated poverty rates (Markham F & Biddle N (2017): Income, poverty and inequality - Census Paper 2 Centre for Aboriginal Economic Policy Research, Australian National University, Canberra).

By family type (2)	50% of median	60% of median
Single, no children (15-64 years)	26.6	33.8
Single, no children (65 years+)	26.4	54.6
Sole parent	35.2	46.9
Couple, no children (15-64 years)	7.4	10.9
Couple, no children (65 years+)	11.3	21.3
Couple, children	11.1	17.1
Other family type	9.0	14.4
By main income source (2)	50% of median	60% of median
Wage and salary	7.1	11.7
Social security payment	35.6	55.5
Other income	17.6	20.6
By social security payment type (3)	50% of median	60% of median
Newstart Allowance	56.9	66.9
Youth Allowance	42.8	43.1
Parenting Payment	54.3	71.6
Disability Support Pension	41.1	54.7
Carer Payment	20.1	37.9
Age Pension	14.7	34.7
All recipients	28.3	45.6
By labour force status (3)	50% of median	60% of median
<b>Employed fulltime</b>		
Single with children	9.5	14.8
Couple with children	7.1	12.2
All	5.6	9.2

By labour force status (3)	50% of median	60% of median
<b>Employed part time</b>		
Single with children	10.6	30.4
Couple with children	20.0	27.7
All	15.2	25.9
Not in labour force 65+	16.1	32.1
<b>Others</b>		
Unemployed	65.9	75.7
Not in labour force <65	44.9	56.3
Not in labour force 65+	16.1	32.1
By housing status (2)	50% of median	60% of median
Owner without a mortgage	9.4	19.1
Owner with a mortgage	8.8	13.2
Private rent	18.9	27.7
with Rent Assistance	32.7	47.8
without Rent Assistance	10.8	15.9
Public rent	58.4	72.1
Other	21.5	32.6
with Rent Assistance	43.2	59.6
without Rent Assistance	15.8	25.6
Adults, by disability status (4)	50% of median	60% of median
Disability, core activity restriction	18.8	32.0
Disability, no core activity restriction	16.3	26.4
All with disability	17.2	28.4
No disability	11.0	16.8
All adults	12.7	19.9

Adults, by country of birth (4)	50% of median	60% of median
Australia	11.3	17.9
Major English-speaking country	9.7	15.9
Other country	17.5	27.1
All adults	12.7	19.9

Notes: (1) Refers to all persons in the survey with this characteristic (2) Refers to persons in households with this characteristic (3) Refers to persons in households where the reference person (see footnote) has this characteristic (4) Refers to adults with this characteristic.<sup>29</sup>

Table 3 shows the profile of people living below the two poverty lines - that is, the percentage of people below the poverty line belonging to each group.

Groups comprising a relatively high share of all people in poverty include:<sup>30</sup>

- Women and girls (53%);
- People in households whose main income is social security (51%);
- People of working age – 25-64 years (45%);
- People in households whose reference person is of working age and in paid employment (38%);
- People with disability (37%);
- People in households whose reference person is under 65 years old and not in the labour force (35%);
- Couple households with children (34%);
- People in households whose reference person receives Age Pension (28%), Newstart Allowance (24%), or Parenting Payment (23%).

These groups either have relatively high poverty rates (such as people in households whose main income is social security) and/or they are a large proportion of the overall population (such as wage-earning households and couples with children).

Table 3 also shows the total number of people in poverty in each group.<sup>31</sup>

<sup>29</sup> Includes community housing tenants.

<sup>30</sup> These groups are not mutually exclusive.

<sup>31</sup> Note however, that total estimates of people in poverty derived from data in this table exclude self-employed people and people in households with zero or negative income, so would be lower than those in table 2 (so we haven't included the total figures). The reason for this is explained in the Methodology Paper.



## AIDEN'S STORY

When I was on Youth Allowance I received \$540 a fortnight - I was living in a share house paying \$295 a fortnight. I switched over to Newstart in January and I got \$40 more a fortnight taking it up to \$580/fortnight.

I need to buy medication for asthma, depression and anxiety. Then there are bills, so there's very little left over for food. I was eating once a day - mostly instant noodles.

I was working in childcare, and studying a diploma in early childhood education until early this year. The centre closed when the government acquired the land to upgrade the road. I lost my job and my study placement.

In March JobSeeker came in and now I get \$1137 fortnight. I'm eating properly now. I've been able to buy new clothes, and shoes, for the first time in years, and afford all my medications. I've been able to save and pay my bills on time. I've been able to pay off debts I owed for previous bills - for electricity and gas.

**Table 3: Profile of poverty - percentages and numbers of people below poverty lines who belong to different groups in 2017, after housing costs**

By age (1)	PROFILE OF POVERTY (% of all people below poverty lines)		NUMBERS IN POVERTY (No. of people below poverty lines, excl. self employed)	
	50% of median	60% of median	50% of median	60% of median
Under 15 years	23.9	22.5	643 000	936 000
15 – 24 years	13.1	11.8	353 000	490 000
25 – 64 years	45.3	42.8	1 217 000	1 779 000
65 years +, owner/purchaser	10.4	16.3	281 000	676 000
65 years +, renting	7.3	6.7	196 000	277 000
All people in poverty	100.0	100.0	2 689 000	4 158 000
Children (1)	50% of median	60% of median	50% of median	60% of median
Children in sole parent households	41.4	36.1	266 000	338 000
Children in couple households	57.1	60.7	367 000	568 000
Children in other households	1.5	3.2	10 000	30 000
All children in poverty	100.0	100.0	643,000	936 000
By gender (1)	50% of median	60% of median	50% of median	60% of median
All men and boys	47.1	46.6	1 266 000	1 938 000
All women and girls	52.9	53.4	1 423 000	2 220 000
Household reference person (male)	46.9	49.2	1 262 000	2044 000
Household reference person (female)	53.1	50.8	1 427 000	2114 000
All people in poverty	100.0	100.0	2,689,000	4,158,000
Households, by family type (2)	50% of median	60% of median	50% of median	60% of median
Single, no children (15-64 years)	11.6	9.6	312 000	397 000
Single, no children (65 years+)	9.1	12.2	246 000	508 000
Sole parent	18.0	15.5	483 000	644 000

<b>Households, by family type, cont. (2)</b>	<b>50% of median</b>	<b>60% of median</b>	<b>50% of median</b>	<b>60% of median</b>
Couple, no children (15-64 years)	6.5	6.2	174 000	257 000
Couple, no children (65 years+)	7.3	8.8	195 000	367 000
Couple, children	33.9	33.7	913 000	1 402 000
Other	13.6	14.0	366 000	582 000
All people in poverty	100.0	100.0	2,689,000	4,158,000
<b>By main income source (2)</b>	<b>50% of median</b>	<b>60% of median</b>	<b>50% of median</b>	<b>60% of median</b>
Wage and salary	37.8	40.1	1 016 000	1 666 000
Social security payments	50.8	51.3	1 365 000	2 133 000
Other income	11.4	8.6	307 000	360 000
All people in poverty	100.0	100.0	2,689,000	4,158,000
<b>By social security payment type (3)</b>	<b>50% of median</b>	<b>60% of median</b>	<b>50% of median</b>	<b>60% of median</b>
Newstart Allowance	24.2	17.6	301 000	354 000
Youth Allowance	1.0	0.6	13 000	13 000
Parenting Payment	22.6	18.4	281 000	370 000
Disability Support Pension	16.9	13.9	97 000	183 000
Carer Payment	7.8	9.1	210 000	280 000
Age Pension	27.6	40.3	343 000	809 000
All people in poverty in households whose reference person receives income support	100.0	100.0	1 244 000	2 009 000
As a percentage of all people in poverty	46.3%	48.3%	2,689,000	4,158,000
<b>By labour force status (3)</b>	<b>50% of median</b>	<b>60% of median</b>	<b>50% of median</b>	<b>60% of median</b>
Employed fulltime	24.4	26.2	655 000	1 091 000
Single with children	6.1	5.8	40 000	63 000
Couple with children	72.1	74.4	473 000	812 000
Other	21.7	19.8	142 000	216 000



<b>By labour force status, cont. (3)</b>	<b>50% of median</b>	<b>60% of median</b>	<b>50% of median</b>	<b>60% of median</b>
Employed part time	13.9	15.3	375 000	637 000
Single with children	9.3	15.7	35 000	100 000
Couple with children	50.5	41.2	189 000	262 000
Other	40.2	43.1	151 000	275 000
Employed	38.3	41.6	1 030 000	1 728 000
Unemployed	8.0	5.9	215 000	247 000
Not in labour force, under 65 years	18.7	24.2	941 000	1 179 000
Not in labour force, 65 years +	35.0	28.3	503 000	1 005 000
All people in poverty	100.0	100.0	2,689,000	4,158,000

<b>By housing status (2)</b>	<b>50% of median</b>	<b>60% of median</b>	<b>50% of median</b>	<b>60% of median</b>
Owner without a mortgage	16.6	22.0	447 000	915 000
Owner with a mortgage	27.5	26.7	740 000	1 110 000
Private rent	36.8	34.8	988 000	1 448 000
with Rent Assistance	23.5	22.2	632 000	924 000
without Rent Assistance	13.3	12.6	356 000	525 000
Public rent	12.5	10.0	337 000	417 000
Other:	6.5	6.4	176 000	268 000
with Rent Assistance	2.7	2.4	73 000	101 000
without Rent Assistance	3.8	4.0	103 000	166 000
All people in poverty	100.0	100.0	2,689,000	4,158,000

<b>Adults, by disability status</b>	<b>50% of median</b>	<b>60% of median</b>	<b>50% of median</b>	<b>60% of median</b>
Disability, core activity restriction	36.7	38.6	752 000	1 243 000
Disability, no core activity restriction	14.4	15.6	295 000	502 000
All with a disability	22.3	23.0	457 000	741 000
All without a disability	63.3	61.4	1 295 000	1 979 000
All adults in poverty	100.0	100.0	2 046 200	3 222 000

Adults, by country of birth (4)	50% of median	60% of median	50% of median	60% of median
Australia	59.3	59.4	1 213 000	1 915 000
Major English-speaking country	7.6	7.9	155 000	255 000
Other country	33.2	32.6	679 000	1 052 000
All adults in poverty	100.0	100.0	2 046 200	3 222 000

Note: Totals exclude self-employed and people in households with zero or negative income, so do not add up to our estimate of 3.24m people overall (an estimate which includes these groups).

(1) Refers to all persons in the survey with this characteristic (2) Refers to persons in households with this characteristic (3) Refers to persons in households where the reference person has this characteristic (4) Refers to adults with this characteristic.<sup>32</sup>

32 See the definition of reference person in footnote 10

## FREYA'S STORY

I started Uni in March 2019 and was receiving Youth Allowance getting \$300/fortnight. I was living with my mother and caring for her and paying \$450/fortnight in rent - so I've always had to work to make ends meet.

I was working in a cafe about 25-30 hours/week - making about \$200/week - which was the most I could earn before Centrelink started reducing my Youth Allowance payments. My shifts were 5am-10am four days a week and all day Sunday - and then going to uni fulltime, so it was exhausting and not sustainable.

I have osteo-arthritis in my hip from an injury which has caused a lot of pain and expense. I rely on painkillers and anti-inflammatory medication to be able to work, as in hospitality you need to be on your feet for hours. I was told I need a hip replacement, but on Medicare I'd be on a waiting list for more than two years. When the COVID shutdown hit, the bar I worked in closed and I lost my job. I didn't qualify for JobKeeper because I had only been in that job for two months.

But I did get the COVID Supplement and that brings my total payment to \$1100/fortnight, and now I can afford private health insurance of \$50/week, which means I can qualify for hip replacement surgery within a year.

## 4. Poverty rates and profiles in 2017: detailed break-downs

This chapter examines the level and profile of poverty among different groups in the population in 2017 in more depth, along with brief analysis of factors contributing to poverty among each group. These data are shown in summary form in Tables 2 and 3 above.

Note that, unlike Tables 1 and 2, data in this chapter do not include results using the higher 60% of median income poverty line. For readers who wish to compare the higher 60% of income poverty line, these data can be found at <http://povertyandinequality.acoss.org.au>

### 4.1 Age

The average rate of poverty declines with age (Figure 1).

The rate of poverty among children (discussed in detail in the next section) is 18% based on the 50% of median income poverty line. Contributing factors include the impact of caring responsibilities on parents' employment participation, the direct costs of children (as measured using the equivalence scale), and the adequacy of Government financial assistance to families, including income support and Family Tax Benefits.

The poverty rate among young people (15-24 years) is also above average at 14%. Young people who are not living with their parents, and are unemployed or under-employed, are more likely to be in poverty. In 2018, 30% of people aged 15 to 25 years were underutilised in the labour force (unemployed, under-employed or marginally attached to the labour force).<sup>33</sup>

Among people aged 25 to 64 years, poverty rates are somewhat lower (at 12%).

People 65 years and over who own or are buying their home are less likely to experience poverty than the rest of the population when the 50% poverty line is used (10%). This difference reflects the close proximity of the Age Pension to the 50% of median income poverty line before-housing costs are taken into account (see Table 5 below). To illustrate the profound impact of housing costs on poverty rates among older people, Figure 1 also shows the poverty rate among the 10% of older people who rent their homes is over four times that for older people who own or are purchasing their home (at 41% and 10% respectively).<sup>34</sup>

Turning to the age profile of those in poverty (Figure 2) the largest age group below the poverty line is people of working age (25-64 years), at 45% of all people in poverty. This reflects their high share (53%) of the overall population. 10% of people aged 65 and over in poverty are home-owners or purchasers compared with 7% who are renting.<sup>35</sup>

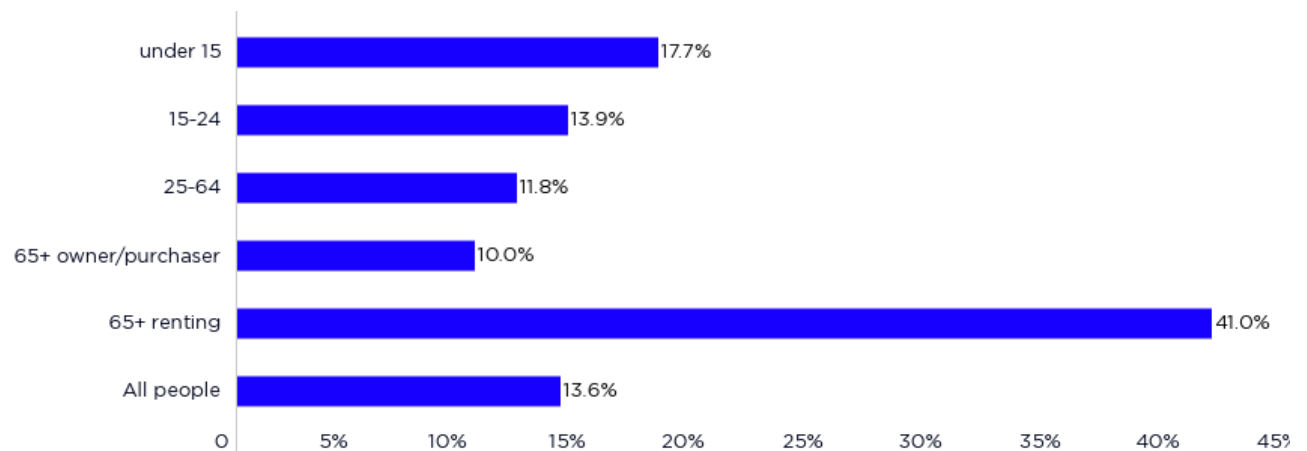
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<sup>33</sup> Foundation for Young Australians (2019), *The new work reality*. Melbourne.

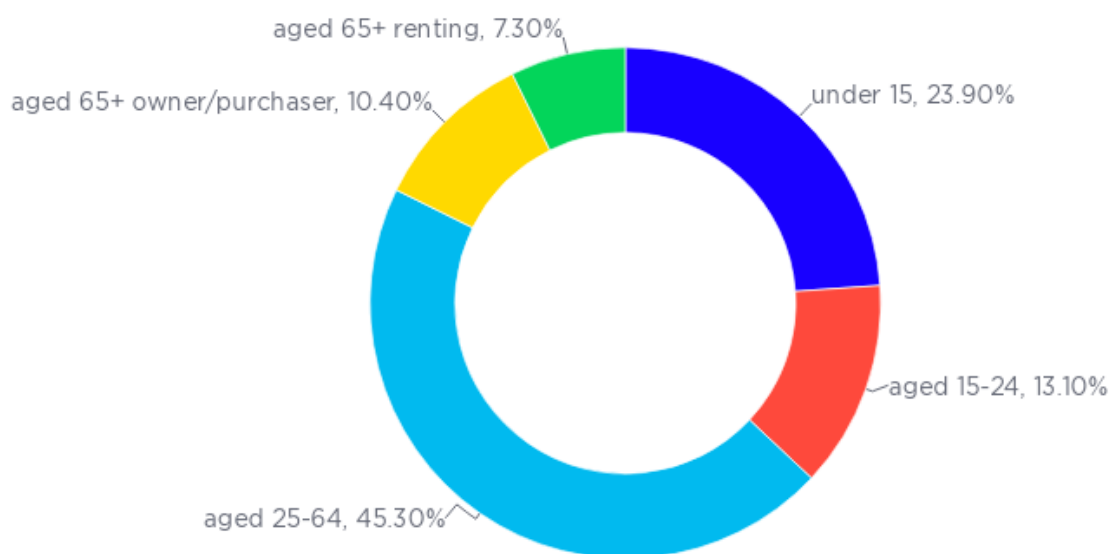
<sup>34</sup> Australian Bureau of Statistics (2016): *Census of population and housing: Reflecting Australia – stories from the Census, 2016*, ABS, Canberra. Available: <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0-2016-Main%20Features-Ageing%20Population-14>. This includes a smaller group that is neither renting nor owning/purchasing their home (such as boarding house residents and people living rent free in granny flats). Poverty rates by housing tenure across all age groups are examined later.

<sup>35</sup> This is because 90% of the older population are home owners or purchasers

**Figure 1: Rate of poverty by age (% of people)**



**Figure 2: Profile of poverty by age (% of people in poverty), 50% median income poverty line**



### Child poverty

As indicated, 18% of all children are living in households experiencing poverty (Figure 3).

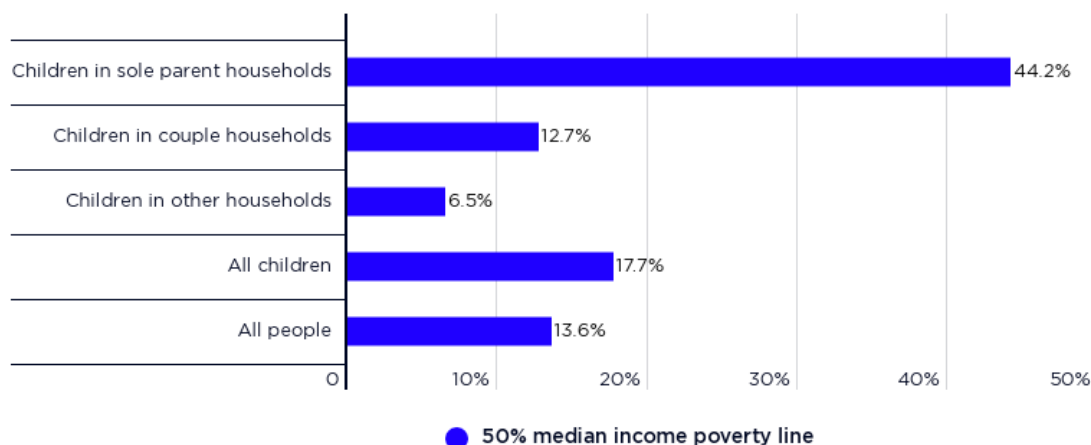
The risk of poverty is highest for children in sole parent families (44%). The risk of poverty for children in sole parent families is more than three times that for children in couple families (44% compared with 13%).

Factors contributing to the higher rates of child poverty in sole parent families include reliance on a single parental income and lower employment levels among sole parents (due to a combination of their sole caring responsibilities, child care availability, and limited family-friendly employment options).

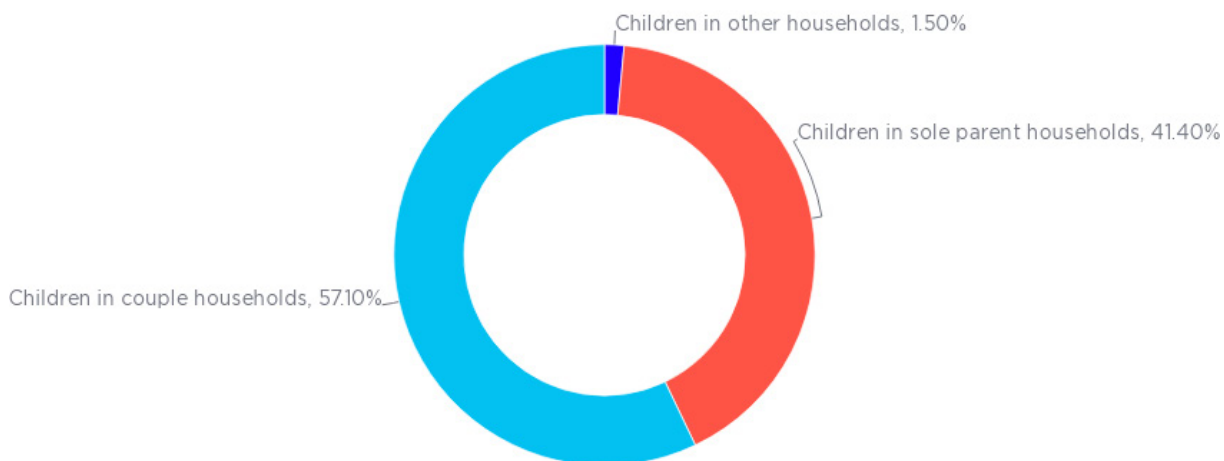
In June 2017, 59% of sole parents with dependent children were employed compared with 94% of couple households with children in which at least one partner was employed.<sup>36</sup> This means a higher proportion of sole parents rely on social security payments, which generally sit below the poverty line. Poverty among sole parent families without paid work deepens when the youngest child reaches eight years and the parent is transferred from Parenting Payment to Newstart (now JobSeeker) Allowance.<sup>37</sup>

Nevertheless, most children in poverty are in couple families, (57%) since a much greater share (82%) of all children live in these families.<sup>38</sup> However, children in sole parent families are over-represented at 41% of all children in poverty respectively (Figure 4).

**Figure 3: Rate of poverty among children up to 15 years (% of children), 50% median income poverty line**



**Figure 4: Profile of poverty among children up to 15 years (% of children in**



**poverty), 50% of median income poverty line:**

<sup>36</sup> ABS (2017), Labour force status and Other Characteristics of Families, June 2017.

<sup>37</sup> Baxter J et al (2012): 'Parental joblessness, financial disadvantage and the wellbeing of parents and children' Occasional Paper No. 48, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra.

<sup>38</sup> ABS (2017), op cit.



## 4.2 Gender

Figure 5 shows that women are more likely to live in households below the poverty line than men (14.1% as against 13.1% for men).

Figure 6 shows that a majority of individuals in poverty (including children) are women or girls (52.9%).

This report adopts the conventional approach to poverty research and focusses on household incomes. While beyond the scope of this study, it is worth noting that if we focussed instead on differences in personal incomes between men and women, the gaps between them are likely to be much larger.<sup>39</sup>

39 In 2016-17, men spent twice as long as women in paid work and women spent twice as long as men in unpaid work. Just over one in five (22%) Australian men aged 20-74 years was not in the paid labour force in 2016-17, compared with one in three women in this age group (34%). Almost half of employed women worked part time (45%), compared with 16% of employed men, and the average female hourly wage was 89% of the average male wage (non-managerial adult hourly ordinary time cash earnings). Men aged 55-64 in 2015-16 had a much higher average superannuation balance than women the same age: \$310,145 compared with \$196,409. (ABS (2017): Gender indicators, Australia, September 2017, Catalogue No 4125.0).

### CARYN'S STORY

The Newstart payment of \$540/fortnight was barely enough money to pay essentials. I'm 63 years old and can't get the pension until April 2023. I've been lucky that my bank manager put me on interest only repayments for my mortgage two years ago, so I just pay \$500/fortnight to keep the roof over my head.

My bills have always been my priority, especially the mortgage, because I have to have somewhere to live. I was homeless with my daughter when my marriage broke up 20 years ago, we lived in the car and then a hostel. I never want to be homeless again.

On Newstart each fortnight I was \$350 short to pay my mortgage and all the household utilities - electricity, gas, rates, water, insurance, car rego. There was never enough money for food - I haven't been to a supermarket in seven years. I make sure I get milk and bread, but meat and vegetables are not regular in my household. I'll have a meal once a day, or

every couple of days. I can go a week just on milk or milk shakes.

It's not surviving, it's just existing.

I now have Osteoarthritis in my left leg, and I often don't have enough money for medication. Some weeks I have to choose between buying a bottle of milk and a pack of painkillers - how bad is it that? I have another friend who is on the pension and sometimes we share a pack of Panadol.

With the extra Coronavirus payment I now get \$1100 a fortnight, which is just enough to cover the mortgage (\$500/fortnight) and \$386 a fortnight for other bills and commitments, and to buy food and medication.

I would like to say to Scott Morrison and Josh Frydenberg: 'You've got no idea how people like myself are really struggling to just exist, not live.'

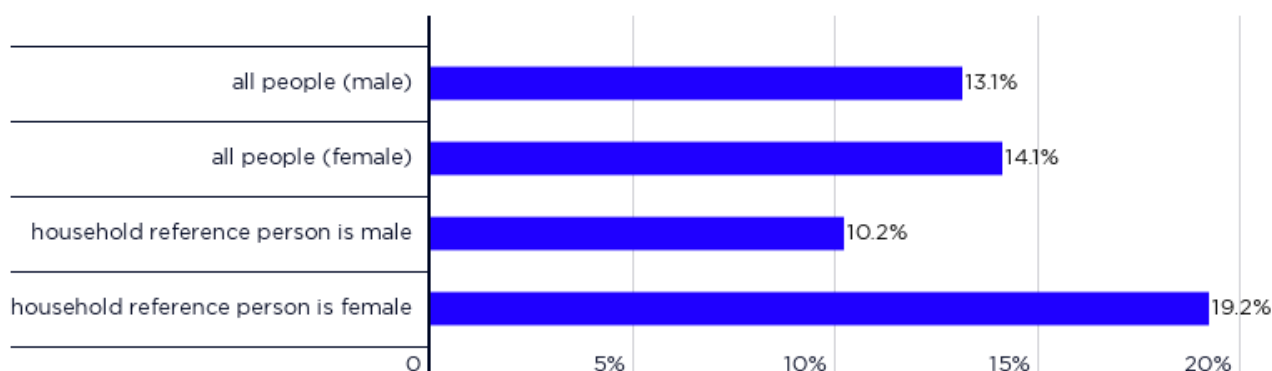
Another way to compare the risk of poverty among men and women is to compare poverty in households where the main income-earner is male or female. If women have lower earning-capacity than men, we would expect (all things equal) the risk of poverty to be greater in female-headed households. For this purpose, we use the ABS measure of ‘household reference person’ as a proxy for the highest earner in a household. While this is not always the same person as the highest earner, it is in the vast majority of cases.<sup>40</sup>

Figure 5 shows that the difference between poverty rates for all individuals in households with male and female reference persons is indeed much greater than that between men and boys, and women and girls generally (detailed above). The poverty rate in households with a female reference person is 19% (almost twice as high as the 10% poverty rate when the reference person is male).

Figure 6 shows that the profile of people in poverty based on the gender of the household reference person is not much different to the gender profile of people in poverty across the whole population (as reported above). This is likely due to the higher proportion of households overall that have a male reference person.

The supplementary report **Poverty in households with female and male main earners compared** at page 55 delves deeper into poverty among different kinds of households with male and female reference persons. It finds that the greater risk of poverty among people in female-headed households is largely due to higher poverty in female-headed families with children, especially in sole parent families.

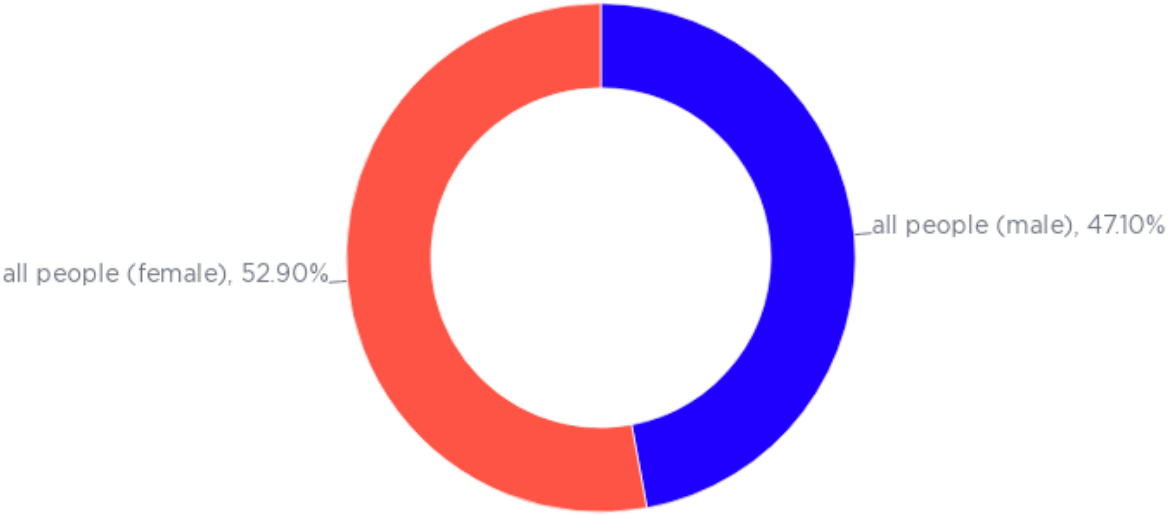
**Figure 5: Rate of poverty by gender (% of men and women), 50% median income poverty line**



<sup>40</sup> The household reference person is selected by the ABS as follows, from among people aged 15+ in the household: The first unique person chosen is described as the reference person. Highest tenure (ranked: owner, owner with mortgage, renter, other), a member of a couple with dependent children, a member of a couple without children, a lone parent, the person with the highest income, the oldest person.

We use reference person here as a proxy for ‘highest income-earner’. Where the reference person is a member of a couple, in 95% of cases the reference person has a higher income than their partner, in 4% of cases they have equal income, and in 1% the reference person has a lower income.

Figure 6: Profile of poverty by gender (% of men and women in poverty), 50% of median income poverty line



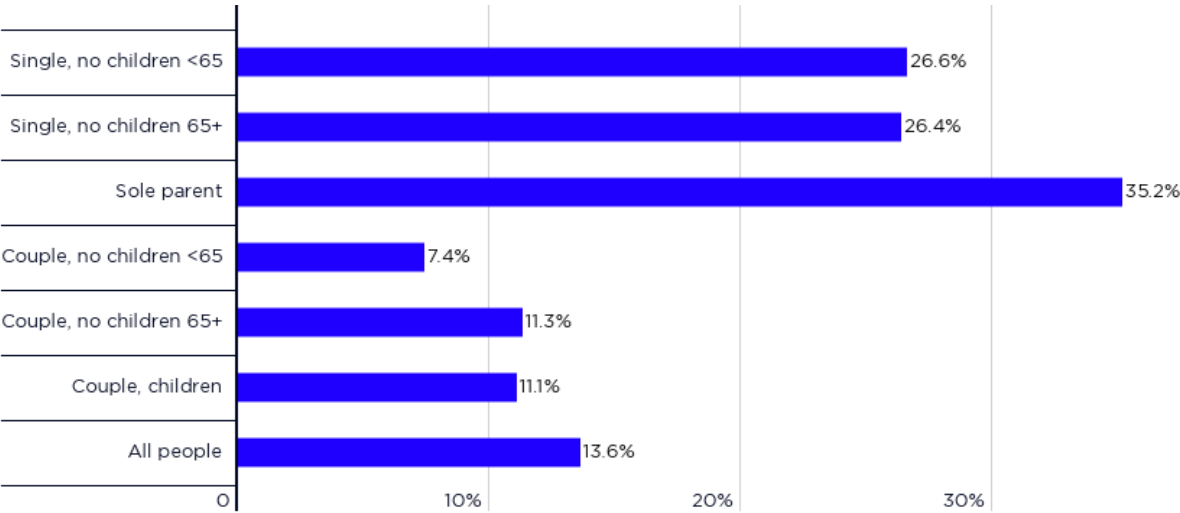
4.3 Family type

Figure 7 shows that, consistent with the higher rate of child poverty in sole parent families discussed above, this family type has the highest rate of poverty, with 35% of all people (adults and children) in sole parent families living in poverty.

Single persons living alone also have relatively high poverty rates, reflecting their limited economies of scale in living costs (which is taken into account when we adjust incomes for household size), and their reliance on a single income. Single adults under 65 years have a slightly higher rate of poverty (27%) than those 65 years and older (26%).

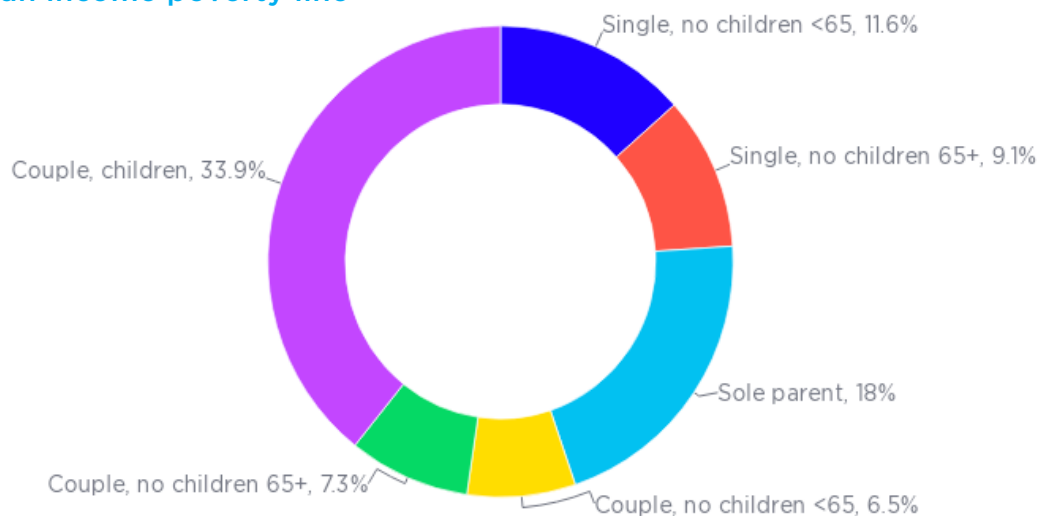
Turning to the profile of poverty by family type (Figure 8), couple households with children are the largest group in poverty (34% of all people in poor families), due to their larger share of the overall population. People in sole parent families are over-represented among those in poverty (at 18%) when compared with the 12% of all people who live in sole parent families.<sup>41</sup>

Figure 7: Rate of poverty by family type (% of people), 50 % median income poverty line



41 In 2016. See ABS (2019), Household and Family Projections, Australia, 2016 to 2041 <https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/3236.0Main%20Features62016%20to%202041?opendocument&tabname=Summary&prodno=3236.0&issue=2016%20to%202041&num=&view=>

**Figure 8: Profile of poverty by family type (% of people in poverty), 50% median income poverty line**



## 4.4 Main income source of household

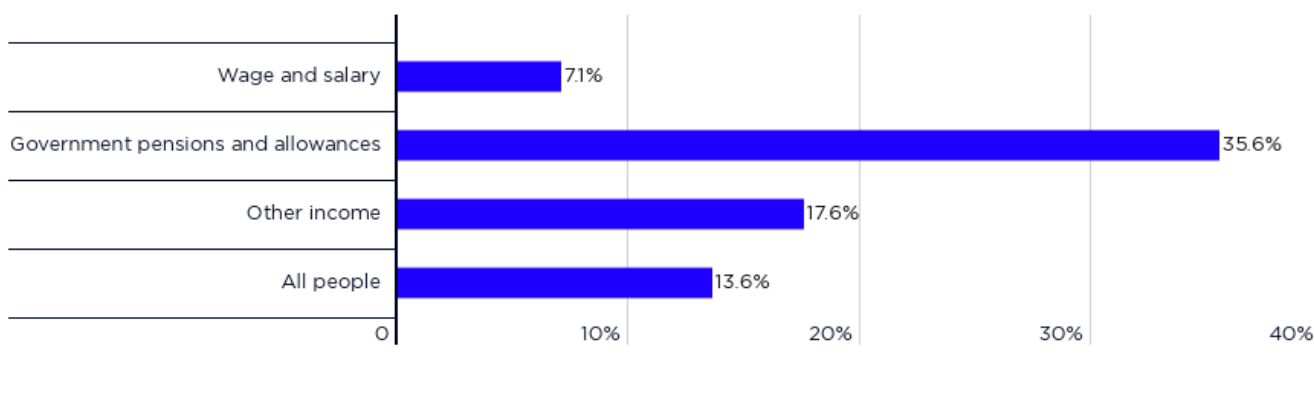
### Poverty rates and profiles

Figure 9 shows that households relying mainly on social security payments are approximately five times more likely to experience poverty (36%) than those relying mainly on wages and salaries (7%).

The high risk of poverty for households relying on social security benefits reflects the level of income support and family payments, which (as discussed later) are generally below the poverty line. Minimum fulltime wages are usually above the poverty line, unless a single wage is supporting a family with children.<sup>42</sup>

Turning to the profile of households in poverty (Figure 10), the largest group of households in poverty is those relying on social security (51%). However, a significant share (38%) of households in poverty rely mainly on wages, reflecting the higher share of wage-earning households overall.<sup>43</sup>

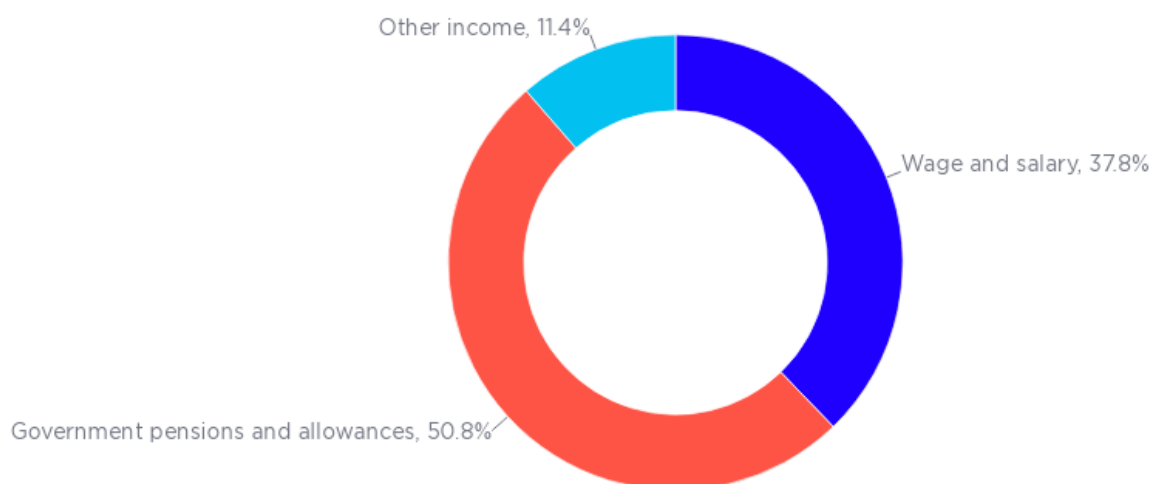
**Figure 9: Rate of poverty by main household income source (% of people), 50% median income poverty line**



<sup>42</sup> Fair Work Australia (2019): Statistical report- Annual wage review 2017-18, Melbourne. The living standards of households reliant on social security payments and minimum wages are also examined in depth in 'budget standards' research (Saunders P & Bedford M (2017): New Minimum Income for Healthy Living: Budget Standards for Low-Paid and Unemployed Australians, University of New South Wales, Sydney).

<sup>43</sup> The share of households in poverty whose main source of income is wages and salaries (based on the 50% of median income poverty line) rose from 31% in 2009-10 to 38% in 2017.

**Figure 10: Profile of poverty by main household income source (% of people in poverty), 50% median income poverty line**



## 4.5 People relying on social security payments

### Poverty rates and profiles

Figure 11 shows poverty rates for people in households whose reference person receives an income support payment. For all income support payments, these poverty rates average 28%.<sup>44</sup>

The highest poverty rates are among people in households where the reference person receives Newstart Allowance (57%) or Parenting Payment (54%).<sup>45</sup>

Poverty rates in households where the reference person receives Youth Allowance are slightly lower but still substantial (at 43%).<sup>46</sup> Young people (aged up to 24 years) in these households would generally not be living with their parents. While their payments are much lower than Newstart Allowance (as discussed below) their poverty rate is also affected by the composition of these households, and their housing costs. For example, many would be sharing accommodation with other young people.

More than two-fifths of people in households whose reference person receives Disability Support Pension is in poverty (41%), while 20% of people in households whose reference person receives Carer Payment are below the poverty line (38%).

Among people in households whose reference person receives the Age Pension, 15% are in poverty. Their lower poverty rate relative to recipients of other pension payments reflects the lower average housing costs of older people, though as discussed previously poverty is higher among older people renting privately.

Altogether, 46% of people in poverty are in households whose reference person receives social security. Figure 12 shows that, among these people, the

<sup>44</sup> This is different to the previous category ('main income source government pensions and allowances' in Figure 9) in two ways: it is based on the social security payment status of the household reference person (rather than the household), and receipt of any income support payment by that person (rather than main source of income being any social security payment, including family payments - see the accompanying Methods Paper). In order to receive an income support payment, the reference person's family must generally have low income and assets.

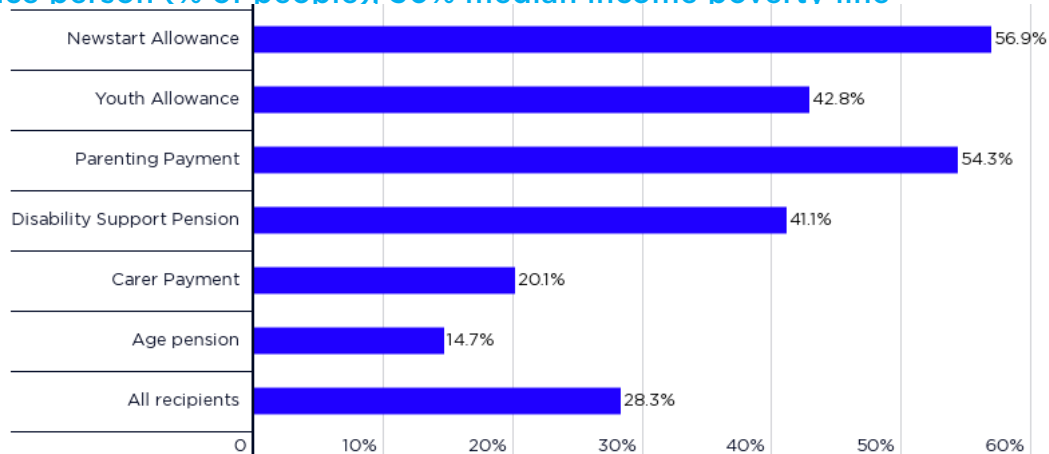
<sup>45</sup> Note that in March 2020, Newstart Allowance (NSA) was renamed JobSeeker Payment. NSA is received by people in all family types, while Parenting Payment (PP) is received by the main carer of a child aged 7 years or less, whether in a sole parent or couple family.

<sup>46</sup> Care should be taken in interpreting this result as the sample of people in households with a reference person receiving Youth Allowance in the ABS survey is small at 32 individuals.

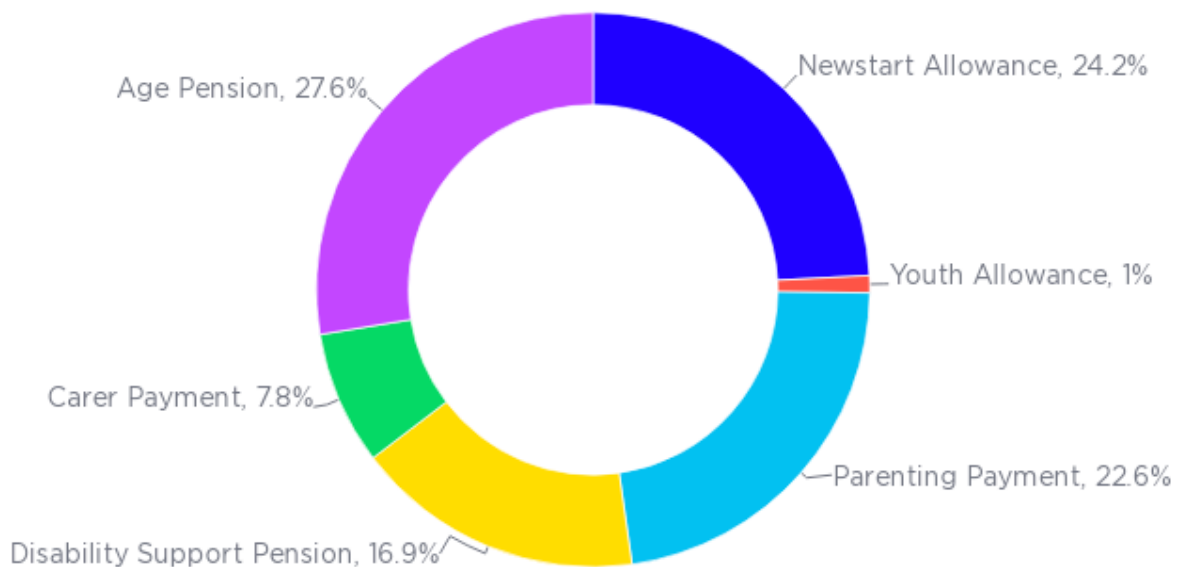


largest proportion are in households receiving the Age Pension (28%). This is due to the relatively high population of Age Pension recipients compared with the other payments. This is followed by Newstart Allowance (24%), Parenting Payment (23%) and Disability Support Pension (17%).

**Figure 11: Rate of poverty by income support payment received by household reference person (% of people), 50% median income poverty line**



**Figure 12: Profile of poverty by income support payment received by household reference person (% of people in poverty), 50% median income poverty line**



## Poverty gaps by social security payment

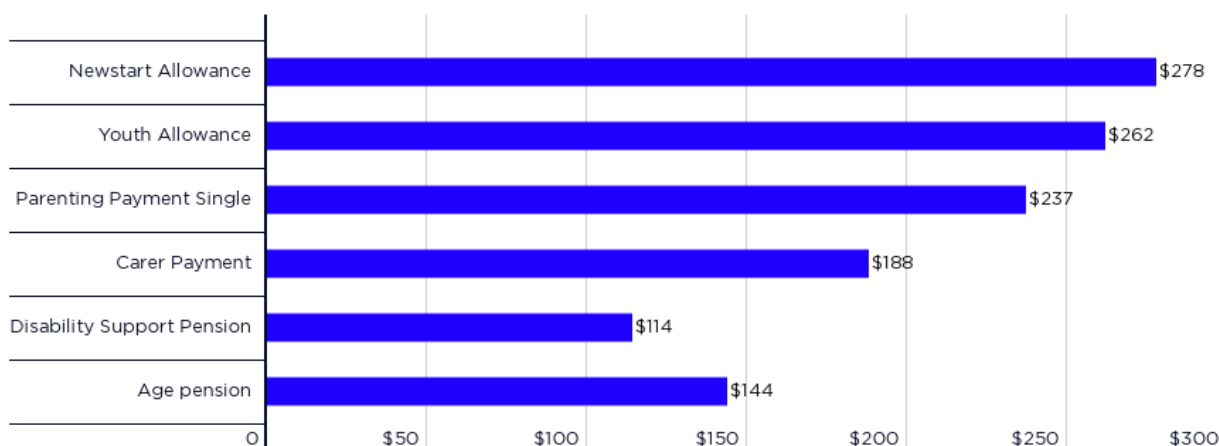
The 'poverty gap' is a measure of the depth of poverty among those living below the poverty line. It is the average gap between their income and the poverty line, after deducting housing costs. In this section, poverty gaps are expressed in actual dollars per week.

Figure 13 shows the average poverty gaps for people in households living below the poverty line, whose reference person receives one of the above income support payments, taking account of the income received by these households and their housing costs.

These figures should be read in conjunction with the poverty rates above for people in households whose reference person receives income support payments. For example, in some cases (such as Carer Payment), the risk of poverty is relatively low (20% based on the 50% poverty line), while the average poverty gap for those below the poverty line sits around the middle of poverty gaps for all payments (\$188 a week). That is, the number of Carer Payment recipients and their families living in poverty is lower than those receiving other payment types, but those who do fall below the poverty line are in deeper poverty on average than, for example, Age and Disability Pension recipients.

Figure 13 shows that average poverty gaps (adjusting for household size) are greatest for people in households whose reference person receives Newstart Allowance (\$278), Youth Allowance (\$262), and Parenting Payment Single (\$237). Average poverty gaps are lower for Carer Payment (\$188), Disability Support Pension (\$114) and Age Pension (\$144).<sup>47</sup>

**Figure 13: Poverty gaps: average gap between the total disposable income of those below the poverty line and the 50% median income poverty line in 2017 (\$ per week)**



Note: The poverty gap is the average difference between the disposable incomes of people in poverty and the relevant poverty line. This is a measure of the 'depth' of poverty among people who are in poverty. Poverty gaps in this graph are the average gaps between the actual disposable incomes of people in poverty and the two poverty lines, taking account of any private income and housing costs. All family types (not only singles) are represented here.

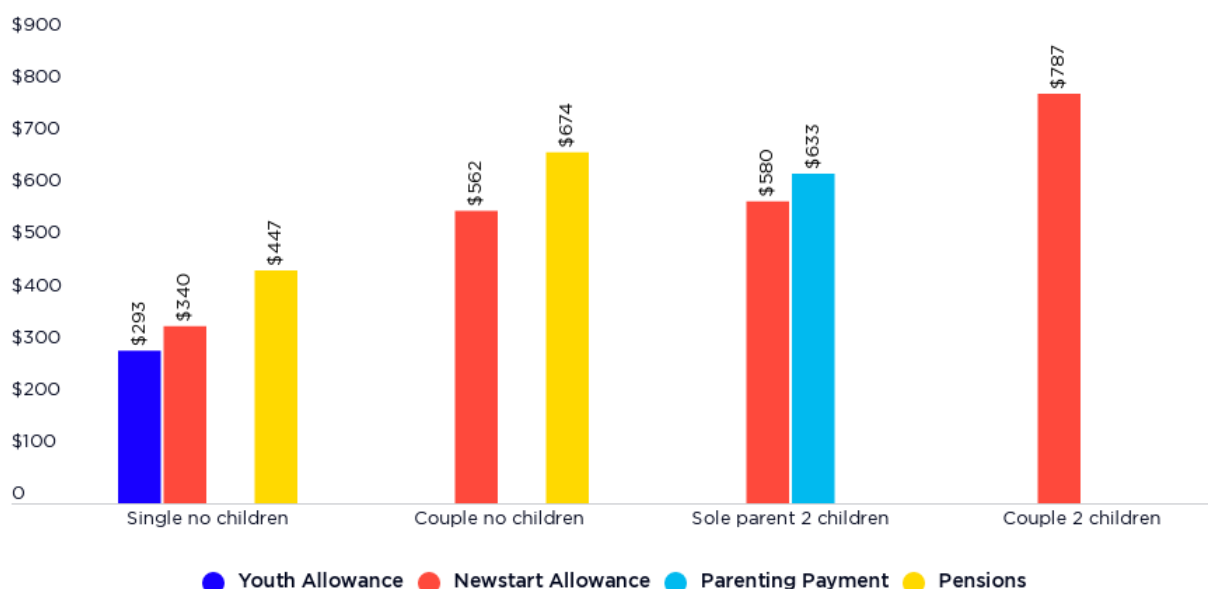
<sup>47</sup> Parenting Payment Single is the rate of Parenting Payment for sole parents.

## Comparison of payment rates and poverty lines

Social security payments include income support payments for adults in low income families (divided into the higher pension payments such as Age Pension and lower allowance payments such as Newstart Allowance), Family Tax Benefits for children in low and middle-income families, and supplementary payments such as Rent Assistance for private tenants in low-income households.

The rate structure that applied in 2017 is illustrated in Figure 14. This is the year of the last ABS income survey, so these are not the current payment rates and do not take account of income support changes introduced in response to the COVID-19 virus in 2020.

**Figure 14: Social security rate structure in January-March 2018: maximum rates of payment for different family types with no private income (\$ per week).**



Notes: Youth Allowance is for an 18-24 year old living away from home. Families with children have two children aged 0-12 years and maximum rates of Family Tax Benefit are included. Sole parents may receive either Newstart Allowance or Parenting Payment Single. Couples with children may receive Newstart Allowance and Parenting Payment Partnered. Maximum rates of Rent Assistance and Energy Supplement are included, except for pensions (since most recipients of Age Pension own their homes). The situation of people on Age Pensions in private rental is discussed in Section 3.1 above.

High levels of poverty among households that mainly rely on social security payments are due in part to the level of those payments, which usually sit below the relevant poverty line. This means that a household relying on social security usually needs additional (private) income such as part-time earnings to avoid poverty. How much additional income is needed depends on the difference between social security payments and the poverty line, and also on housing costs (which are taken into account in the main poverty measure used in this study).

In Table 4 we assess how far below the poverty line households of various types would be if they had no other income apart from social security payments. For this purpose, we include Rent Assistance payments (except for older people who generally own their homes) and do not deduct housing costs. In contrast

to Figure 13 (which compares actual household incomes – including private income – with poverty lines after deducting housing costs), Table 4 is a simple comparison of social security payments in January 2018 with poverty lines before housing costs are deducted.

The difference between the maximum single rate of Newstart Allowance and the 50% of median income poverty line is substantial, at \$117 per week. Allowance payments such as these are indexed to the Consumer Price Index (CPI) only and not wages, so they generally grow more slowly than community living standards. In January 2018, the maximum single rate of Newstart Allowance (together with maximum Rent Assistance and Energy Supplement) was \$340 per week.<sup>48</sup>

Youth Allowance for single young people living away from the parental home (up to 25 years old if studying fulltime) is \$47 a week less than Newstart Allowance, at \$293 per week, so the gap between this payment and the poverty line is \$164 per week. Lower payments for young people reflect a policy view that they can rely on financial support from their parents, although many have been assessed as financially independent. The assumption that students can live on lower social security payments extends to fulltime students up to 64 years old, who receive Austudy Payment or Abstudy Payment at the same rate as Youth Allowance.

Since pensions are regularly increased in line with wages growth (average male total earnings) or increases in the cost of living (whichever is greater), and a one-off pension increase of \$32 per week was paid to single pensioners excluding sole parents in 2009, these payments are much higher than allowance payments.<sup>49</sup> Pensions for singles and couples without children are close to the poverty line (\$10 and \$12 per week below it respectively for those owning their homes). As discussed, the minority of older people who rent their homes face a much greater risk of poverty.<sup>50</sup>

Social security payments (including Family Tax Benefit and Rent Assistance) for sole parent families relying on Parenting Payment Single are \$98 a week below the poverty line, where the family rents privately. Before 2009, Parenting Payment Single was paid at the same rate as other pensions, but this payment was excluded from the increase in single pensions in 2009.

Sole parents not in paid work whose youngest child is eight years of age or over receive the single parent rate of Newstart Allowance, which was \$53 a week less than Parenting Payment Single in 2018 (taking account of supplementary payments). A sole parent family on Newstart Allowance that rents privately and has two primary school-age children, receives \$151 a week less in social security payments (including Family Tax Benefit and Rent Assistance) than the poverty line.<sup>51</sup>

Social security allowance payments for couples are generally below the 50% of median income poverty line, but closer to it in proportional terms. Newstart Allowance for a couple without children is \$124 a week below the poverty line, and (together with family payments and Rent Assistance) it is \$172 below it for those with two primary school-age children.

48 Note that table 4 assumes all Newstart Allowance recipients receive Rent Assistance, though only around half actually do (Department of Social Services 2018, Statistical summary of social security payments).

49 Saunders P & Wong M (2011): 'Using deprivation to assess the adequacy of Australian social security payments' *Journal of Poverty and Social Justice*, Vol 19 No 2, pp91-101.

50 Harmer J (2008): Pension Review discussion paper, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra.

51 ACOSS (2005): *Welfare to Work*, Sydney; ACOSS (2012): Sole parents won't be helped to find employment by cutting their payments, Submission to Senate Community Affairs Committee, Sydney.

**Table 4: Comparison of selected social security payments and poverty lines (\$ per week, January-March 2018, before housing costs)**

	<b>Maximum rate of payments</b>	<b>60% of median income before housing costs</b>	<b>50% of median income before housing costs</b>
<b>Newstart Allowance</b>			
Single, no children	\$340	\$457	\$117
Couple, no children	\$562	\$686	\$124
Single, 2 children (1)	\$580	\$731	\$151
Couple, two children (1)	\$787	\$960	\$172
<b>Youth Allowance</b>			
Single, no children (2)	\$293	\$457	\$164
<b>Parenting Payment Single</b>			
Single, 2 children (1)	\$633	\$731	\$98
<b>Pension Payments</b>			
Single, no children	\$447	\$457	\$10
Couple, no children	\$674	\$686	\$12

Note: The 'gaps' in this Table are different to the poverty gaps in Figure 13. In these household cameos, we assume they receive the maximum social security payments available and have no private income.

All cameos include relevant supplements such as the Energy Supplement, Rent Assistance (except for Pension recipients, since most recipients own their homes), and Family Tax Benefit (where there are children). Poverty lines are before housing costs are deducted. Whether a household is in poverty in this study also depends on housing costs (not included in this Table).

1. Children are aged 8-12 years

2. Aged 18-24 years, living away from home.



## 4.6 Labour force status

Figure 15 compares poverty rates among people according to the labour force status of the reference person in their household.<sup>52</sup>

People of working age lacking paid employment face an elevated risk of poverty. Among people in households where the reference person is unemployed, 66% are in poverty. A likely reason for the higher poverty rate where the reference person is unemployed (66%), as distinct from receiving Newstart Allowance (55%), is that 14% of Newstart Allowance recipients have part-time earnings.<sup>53</sup>

Where the reference person is under 65 years old and not in the labour force, 45% of households are in poverty. Many of these households have a reference person with a disability or caring responsibilities, and rely on the Disability Support Pension, Parenting Payment, or Carer Payment.

Poverty rates are much lower where the household reference person is employed fulltime (6%). Since minimum wages are above the poverty lines for a single adult, those in households with a reference person employed fulltime living below the poverty line are likely to rely on a single wage to support a partner and/or children, or to be paid below the minimum wage.<sup>54</sup>

In support of this view, the poverty rate among households with children whose reference person is employed fulltime is significantly higher, at 10% in sole parent families and 7% among couples with children. In these cases, fulltime wages together with Family Tax Benefits, are insufficient to lift families with children out of poverty.

Households relying on a single part-time wage are more than twice as likely as those relying on a fulltime wage to be in poverty (15%). This reflects lower hours worked but also the fact that low-paid employment is more likely to be offered on a part-time rather than a fulltime basis.<sup>55</sup>

Among households with children whose reference person is employed part time, the rate of poverty is 11% in sole parent families and 20% among couples with children.

In recent years, the poverty rate for people in households whose reference person has earnings from fulltime employment has increased, from 4% in 2009 to 6% in 2017. On the other hand, where the reference person had part-time earnings, the poverty rate declined from 17% to 15%.

Among people in households where the reference person is 65 years and over and not in the labour force, 16% are in poverty. This is similar to the 15% poverty rate where the reference person receives Age Pension. It is much lower than the poverty rate in households where the reference person is of working age and not in the labour force, reflecting a stronger social security safety net and lower average housing costs for older people.

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<sup>52</sup> As noted, the reference person is no necessarily the highest income-earner in the household.

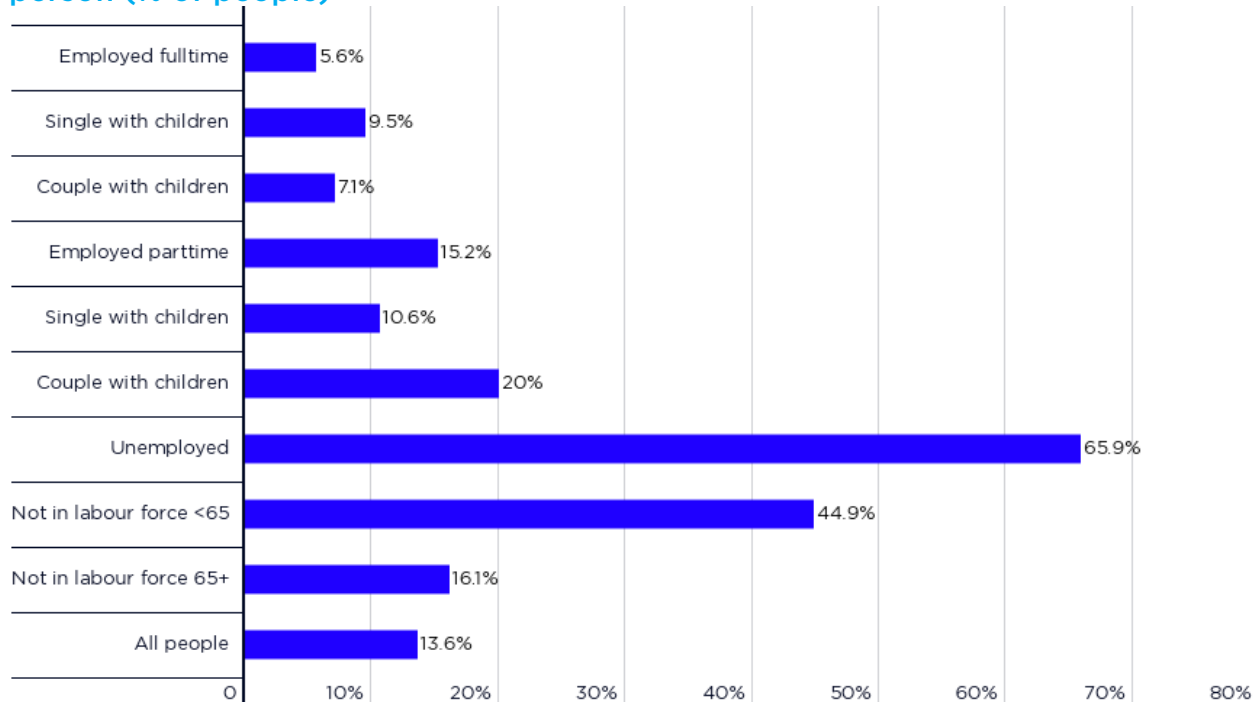
<sup>53</sup> Department of Social Services (2018): Labour market and related payments (March 2018) Note that the ABS does not count a person as unemployed if they had at least one hour's paid employment in the reference week, whereas in typical cases, Newstart Allowance recipients may undertake a certain amount of work each week and still receive a part-payment.

<sup>54</sup> Fair Work Australia (2019): op cit.

<sup>55</sup> In 2017, among low-paid workers (those receiving less than two-thirds of the median hourly wage), 55% were part-time compared with 30% of all jobs (Australian Government (2018): Submission to the Fair Work Commission Annual Wage Review 2018; ACOSS and Jobs Australia (2018): Faces of Unemployment.)

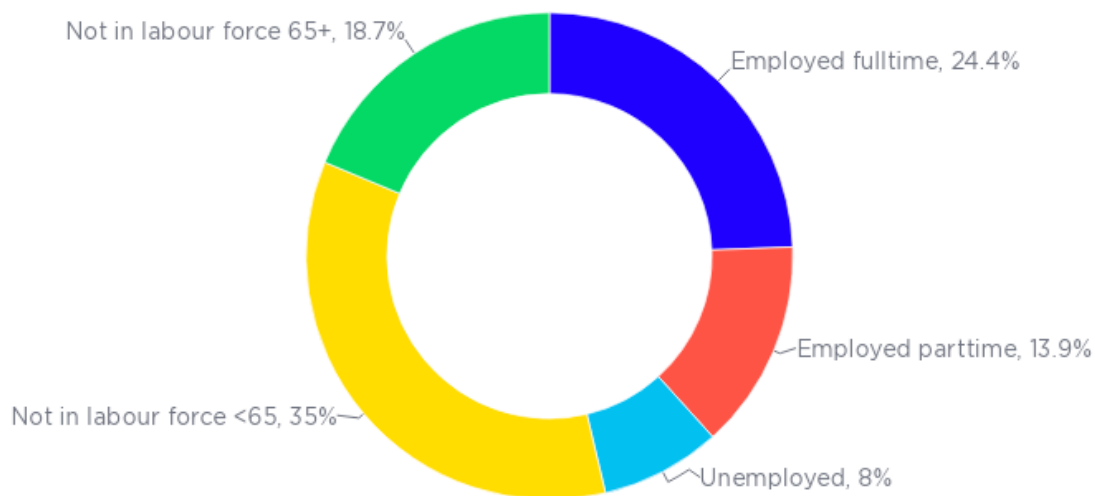
The profile of poverty (Figure 16) presents a different picture. Although households whose reference person is employed have a much lower rate of poverty, they include 38% of all people below the 50% poverty line, since three times as many people live in households whose reference person receives income from employment compared with income support.<sup>56</sup> Most of these people (64%) live in households with children.

**Figure 15: Rate of poverty by labour force status of household reference person (% of people)**



**Figure 16: Profile of poverty by labour force status of household reference person (% of people in poverty), 50% median income poverty line**

(a) all people



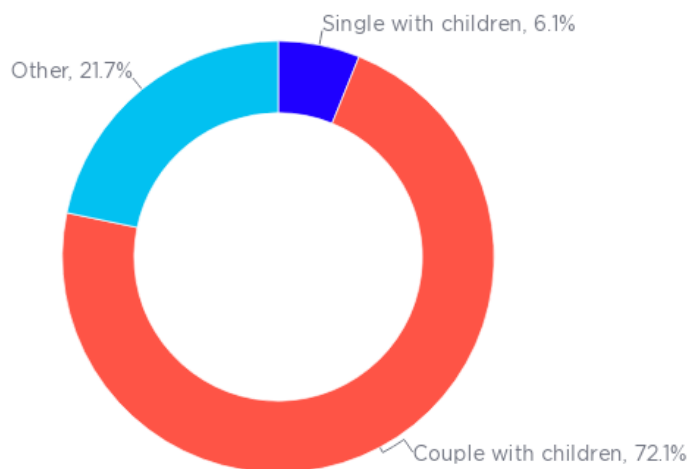
<sup>56</sup> The share of people in poverty where the household reference person is employed full-time increased from 18% in 2009 to 24% in 2017, while in the case of reference persons with part-time employment it declined from 15% to 14%.



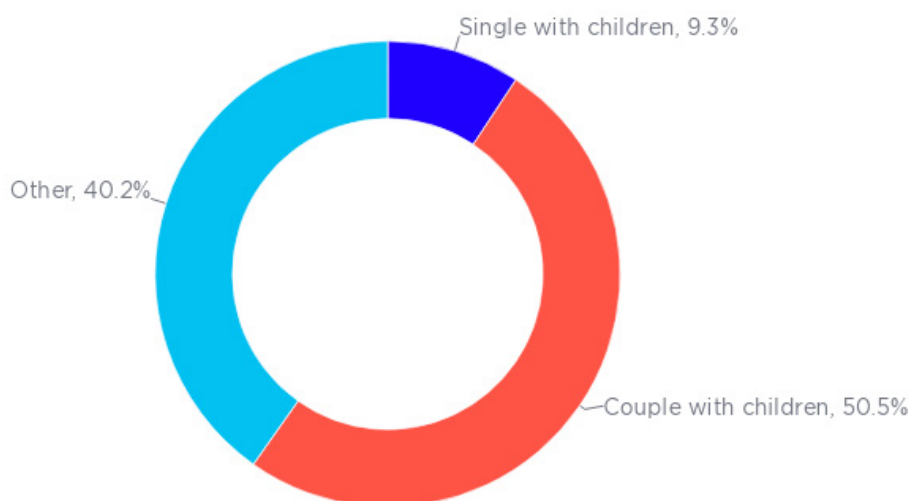
## KEVIN'S STORY

For medical reasons I took early retirement in 2007. The GFC wiped out most of what was left of my superannuation. I lived on what was left for a few years until I felt better and went back to work in an easier job. My health deteriorated again and I had to stop working again. I went on unemployment payments, but eventually I ran out of savings and had to sell my home. "Volunteering" became more and more difficult, but I was refused the Disability Support Pension (DSP). Again I had to sell my downsized unit to get cash to survive. When down to my last \$500 I was finally granted a DSP. I get by, but will get an age pension next year.

### (b) employed fulltime



### (c) employed part time



## 4.7 People with disability

People with disability, especially those with more severe incapacities ('core activity limitations'), face an above-average risk of poverty.<sup>57</sup> Figure 17 shows that the rate of poverty among adults with disability is 17%.<sup>58</sup> The rate of poverty is higher (19%) among adults with a core activity limitation.

This research is likely to under-estimate deprivation among people with disability, as it does not take account of the extra costs of disability when assessing whether people are living below the poverty line.<sup>59</sup> The costs incurred by those with disability can include adjustments to the home or workplace, costs of care, additional transportation costs such as taxis and medical and pharmaceutical costs.

<sup>57</sup> A core activity limitation refers to a profound, severe or moderate limitation in core activities, which are defined as communication, mobility or self-care. (ABS 2019, Disability, Ageing and Carers, Australia: Summary of Findings, 2018, Catalogue No 4430.)

<sup>58</sup> Note that the poverty rates for all adults are different to those for all people (including children) shown elsewhere in this report. The poverty rate for people in households where the reference person receives DSP is higher (41% using the 50% poverty line), since that payment is limited to people with severe disability and is also income-tested against family income.

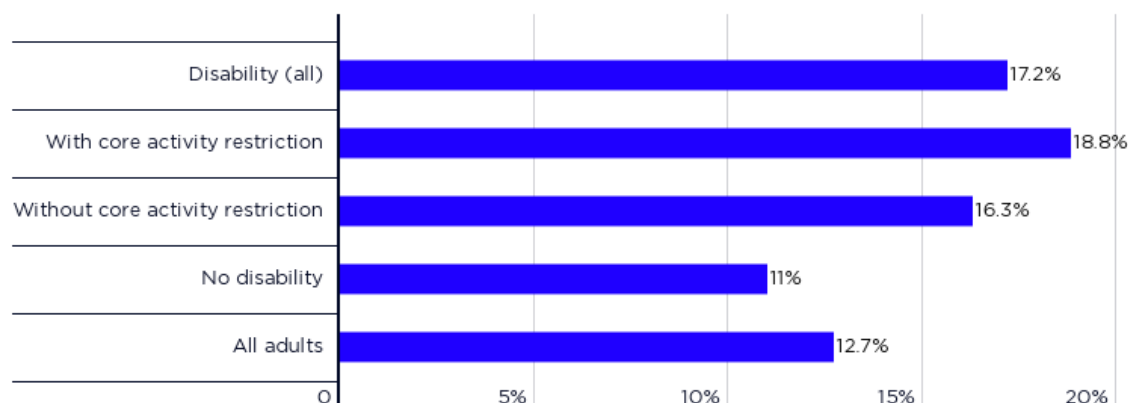
<sup>59</sup> Saunders P (2007): 'The costs of disability and the incidence of poverty' Australian Journal of Social Issues, Vol. 42, No. 4, pp. 461-80; Li, J et al (2019), Inequalities in Standards of Living: Evidence for Improved Income Support for People with Disability. NATSEM, University of Canberra.



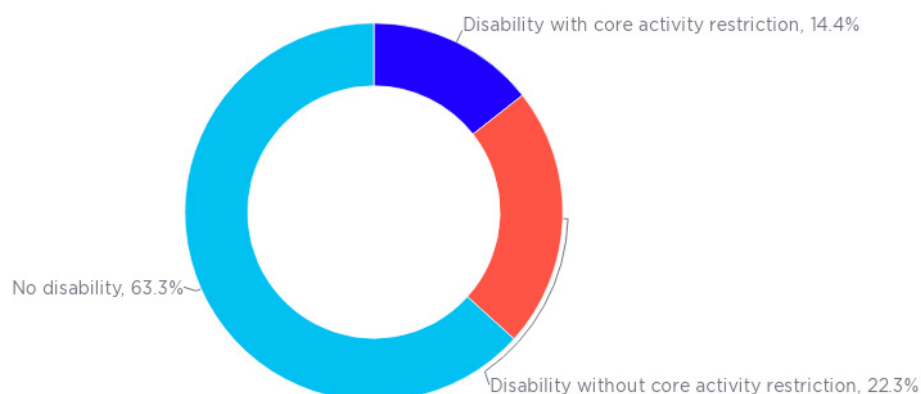
A contributing factor towards people with disability having an above average risk of poverty is their weaker employment prospects.<sup>60</sup> Many people with disability have difficulty finding employment and must therefore rely on income support payments, especially Disability Support Pension and Newstart Allowance (now called JobSeeker Payment). As the disability threshold applying to the Disability Support Pension has become stricter, more people with disability have been diverted to the lower Newstart Allowance.<sup>61</sup>

Turning to the profile of poverty (Figure 18), a sizeable share of people in poverty have a disability (37%). This reflects a combination of the overall rate of disability (18% of the total population in 2018), the higher rate of disability (50%) among people aged 65 years and over (who tend to have low incomes), as well as the above-average risk of poverty among people of working age with disability noted above.<sup>62</sup>

**Figure 17: Rate of poverty among adults with a disability (% of adults), 50% median income poverty line**



**Figure 18: Profile of poverty by disability status (% of adults in poverty), 50% median income poverty line**



<sup>60</sup> In 2018 only half (48%) of people of working age with disability was employed, compared with 80% of those without a disability (ABS (2019) op cit).

<sup>61</sup> In July 2018, 34% of recipients of Newstart and Youth Allowance (Other) recipients had a partial work capacity (a disability that prevented them being employed for 30 hours a week or more). Under previous rules, most would have been eligible for the DSP. Statistical summary of social security payments; Department of Social Services (2019): DSS Demographics, September 2019 Available at <http://data.gov.au>.

<sup>62</sup> ABS (2019): op cit.



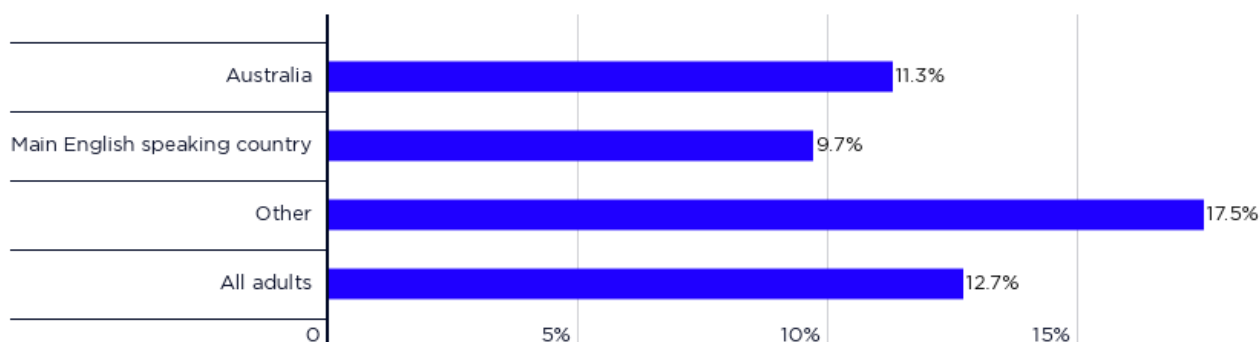
## 4.8 Country of birth

Figure 19 compares poverty rates among adults according to their country of birth.<sup>63</sup> The key distinction here is the lower poverty rate among migrants born in a major English speaking country (10%), compared with those born elsewhere (18%). Poverty rates among people born in Australia are below-average (at 11%), but above those for migrants born in a major English speaking country.

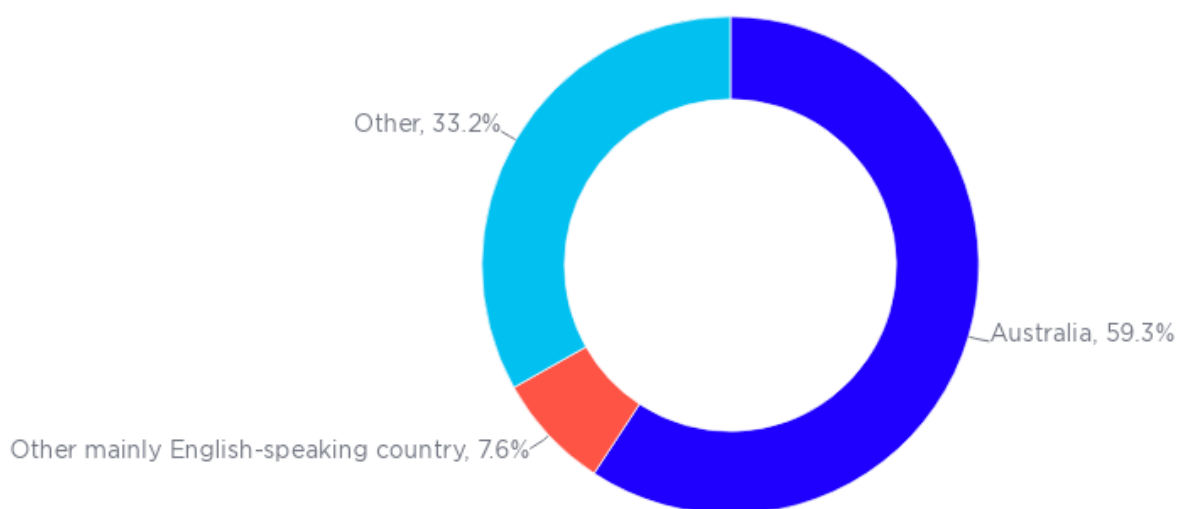
Lower employment rates among migrants from non-English speaking countries are likely to contribute to their above average poverty rate. For example, in February 2018, of all adult migrants from North-West Europe, 83% were employed 5-10 years after arrival, compared with 30% of those migrating from North Africa or the Middle East.<sup>64</sup> These differences in employment prospects reflect a range of factors including access to labour market information and networks, discrimination in employment, qualifications, and their recognition.<sup>65</sup>

Nevertheless, the majority of adults in poverty were born in Australia (59%), due to the higher proportion of native-born adults (Figure 20).

**Figure 19: Rate of poverty by country of birth (% of adults), 50% median income poverty line**



**Figure 20: Profile of poverty by country of birth (% of adults in poverty), 50% median income poverty line**



<sup>63</sup> Note that the poverty rates for all adults are different to those for all people (including children) shown elsewhere in this report.

<sup>64</sup> In February 2018, 64% of the civilian population who were born in Australia was employed (noting that this includes a higher proportion of older people than among recently arrived migrants). ABS (2018): Labour Force (detailed February 2018), Labour force status by elapsed years since arrival (since 1991) and major country group Catalogue No. 6291.

<sup>65</sup> Joint Standing Committee on Migration (2011), Inquiry into migration and multiculturalism in Australia, Parliament of Australia. [www.aphref.aph.gov.au\\_house\\_committee\\_mig\\_multiculturalism\\_report\\_chapter11.pdf](http://www.aphref.aph.gov.au_house_committee_mig_multiculturalism_report_chapter11.pdf)

## 4.9 Housing tenure

Housing is the largest fixed cost in most family budgets, so those with lower housing costs (especially those who own their homes outright), are able to achieve a higher standard of living than those on the same income but with higher housing costs (especially tenants).<sup>66</sup> For this reason, as discussed above, we measure poverty after taking housing costs into account.

Figure 21 shows that the risk of poverty is twice as great (19%) for people in households renting privately than for home-owners (9%) or home purchasers (9%), reflecting the higher cost and/or lower incomes of people in private rental housing.<sup>67</sup>

Commonwealth Rent Assistance payments are targeted to people in private tenancies and community housing who are at greater risk of poverty, but often fail to lift them out of it.

66 Saunders P & Bedford M (2017): New Minimum Income for Healthy Living: Budget Standards for Low-Paid and Unemployed Australians, UNSW Sydney.

67 The relatively small difference in poverty rates for those with and without a mortgage reflects the lower incomes of retirees (who are more likely to own their homes outright) compared with people of working age (who are more likely to have a mortgage). When we take housing costs into account (by moving from 'before housing' to 'after housing' measures of poverty), this increases the rate of poverty among people renting privately by 10 percentage points (from 9% to 19%), compared with an increase of 5 percentage points (from 4% to 9%) among home-purchasers and a reduction of 8 percentage points (from 17% to 9%) among home-owners.

### KAYLA'S STORY

I am a 26-year-old postgraduate student in Adelaide, studying law. I'm on Austudy and received \$570/fortnight before coronavirus. I am lucky that I can live with my aunt who only charges \$100/fortnight rent. It would cost me at least double that in a share house, for a one-bedroom unit rent is about \$540/fortnight in Adelaide – so that would take up most of my payment.

I had \$230/week to cover all my uni and travel costs, running my car and groceries, and it was tight. I had a prang last year and had to spend over \$1000 in car repairs, so that wiped out my emergency savings.

In December 2017 I got the biggest shock – I had a robodebt call saying that I owed Centrelink \$10,000 (over a year after I'd switched to part-time study). I just sat at the kitchen table and sobbed because I didn't know what to do. This severely affected my mental health and I relied on my friends and family to get through this time.

Centrelink deducted money from my Newstart payments (I was 25 in 2018 and studying part-time) for over a year and I paid back about \$2000 and then my parents helped pay off the remaining \$8000.

That was really hard for them, my mother is unwell and my dad stopped working as a steelworker to be her carer. They don't have much saved.

With the extra coronavirus supplement I now receive \$1120/fortnight and it has been a lot easier to manage. I have more money left over each fortnight that I've used to recoup extra uni costs such as text books; I've bought a printer, and I'm replacing my lap top. I also need a new bed. I've been able to look at those kinds of expenses now that I'm not just struggling to get by from fortnight to fortnight.

Based on the 50% of median income poverty line:<sup>68</sup>

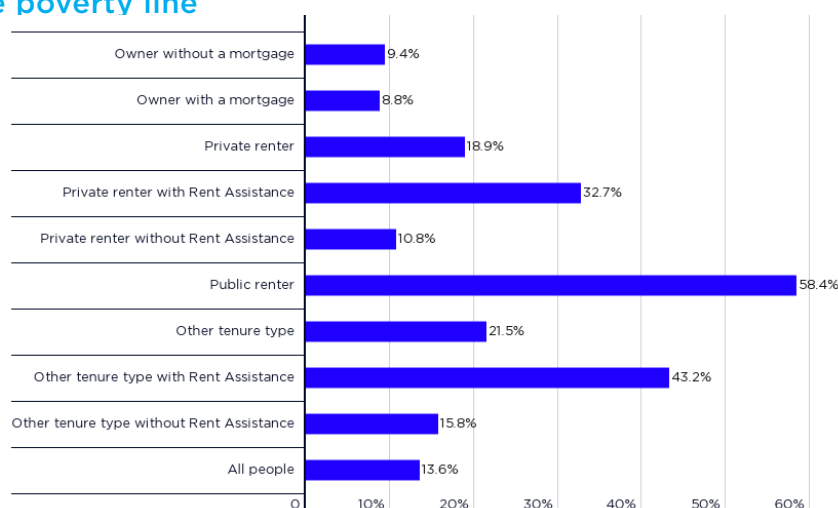
- Among people in households renting privately, 33% of the approximately 1,931,000 people in households with Rent Assistance are in poverty, compared with 11% of the approximately 3,301,000 without Rent Assistance, reflecting the targeting of Rent Assistance to those on lower incomes.
- Similarly, among people in community housing, 43% of the approximately 170,000 people in households with Rent Assistance are in poverty. As with public housing, this is likely to reflect the targeting of community housing places to people with low incomes.<sup>69</sup>

The high poverty rates among recipients are due to the low rates of Rent Assistance compared with actual rents. For example, in January 2018 maximum rates of Rent Assistance (\$67pw for singles without children and \$78pw for singles with 2 children) were well below median rents for a one and two bedroom flat in Sydney (\$490pw and \$550pw respectively) and Melbourne (\$360pw and \$440pw respectively).<sup>70</sup>

Poverty is higher again among those in public housing (58%), mostly due to the lower incomes of this group (reflecting the stringent eligibility conditions for priority housing to circumvent lengthy public housing waiting lists).<sup>71</sup>

Figure 22 shows that, approximately half (50%) of all people in households living below the poverty line were renting (in private or public housing). This means that renters were over-represented among households in poverty, since 40% of people lived in rented housing in 2017. Just below half of all households in poverty (45%) either owned or were buying their homes. This reflects the high proportion (67%) of people in home-owning or purchasing households overall.

**Figure 21: Rate of poverty by housing tenure (% of people), 50% median income poverty line**



Note: 'other tenure' includes community housing

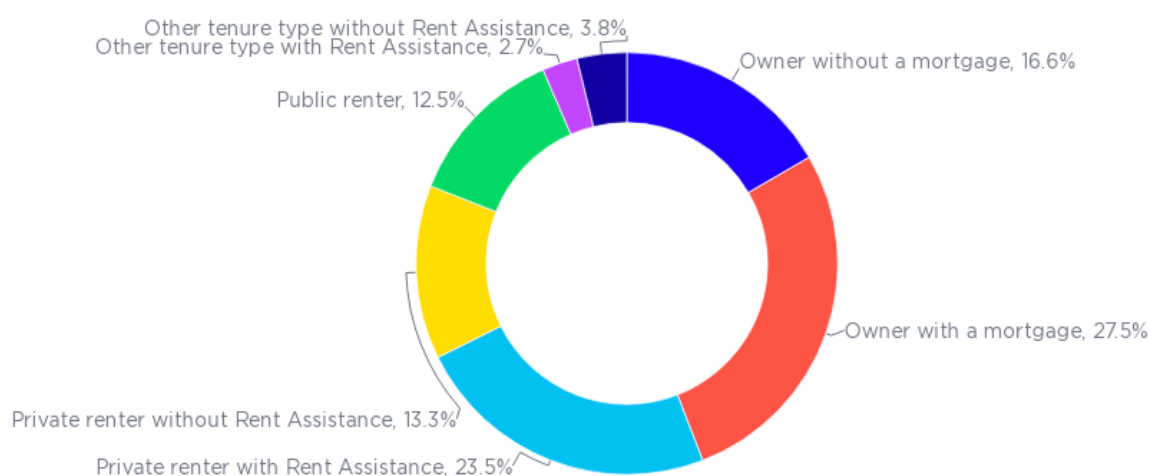
68 In June 2018, 1.31 million income units (families and individuals not in families) received Rent Assistance. The median payment was \$68 per week, around 30% of median rent (\$225 per week). Australian Institute of Health and Welfare (2019), Housing Assistance in Australia. <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2019/contents/financial-assistance>

69 Community housing refers to housing provided by non-government organisations for people with low incomes. While around one third of people in private rental benefit from Rent Assistance, the vast majority of residents in the 81,000 community housing dwellings benefit from Rent Assistance, which is paid to the provider. We therefore assume that the 170,000 people in 'other' households receiving Rent Assistance (those not owning, purchasing, renting privately, or in public housing) are in community housing (with an average of two residents per dwelling). Australian Institute of Health and Welfare (2019), *ibid*.

70 Housing NSW (2018) Rent and Sales Report No 123, March quarter 2018. Available: <https://www.facs.nsw.gov.au/download?file=627796>; Department of Human Services Victoria (2018) Rental Report, March 2018. Available: <https://www.dhhs.vic.gov.au/past-rental-reports>.

71 Public housing refers to State-owned housing for people with low incomes, as distinct from community housing. Groenhart L & Burke T (2014): Thirty years of public housing supply and consumption: 1981-2011, AHURI Final Report No.231, Australian Housing and Urban Research Institute, Melbourne.

**Figure 22: Profile of poverty by housing tenure (% of people in poverty), 50% median income poverty line**



## 4.10 Location

Poverty is somewhat higher (at 13.8%) among people living outside capital cities than among those who live in them (13.5%). The Poverty and Inequality website at <http://povertyandinequality.acoss.org.au> shows the rate of poverty by location in urban/rural areas as well as each state and territory.

## 4.11 Aboriginal and Torres Strait Islander people

Regrettably, the ABS Survey of Income and Housing does not identify Indigenous status and therefore cannot be used to estimate poverty among Aboriginal and Torres Strait Islander people. Markham & Biddle (2018) estimated the rates of poverty in Aboriginal and Torres Strait Islander communities in different parts of the country using census data.<sup>72</sup>

As in our research, they use the 50% of median income poverty line and the OECD equivalence scale, but unlike the present study they measure poverty before housing costs (which usually results in poverty rates that are a few percentage points lower).

Markham & Biddle caution that accurate measurement of poverty in these communities is hampered by non-declaration of income and the complexity of family structures and income-sharing arrangements (which mean that the standard equivalence scales used in poverty research are unlikely to be appropriate). Non-declaration of income is likely to result in under-estimation of poverty in Aboriginal and Torres Strait Islander communities.

Their key results are summarised in Figure 25, which shows that the poverty rate for Aboriginal and Torres Strait Islander people is 31%, while poverty is twice as high in very remote communities (54%) as in major cities (24%).<sup>73</sup>

Low employment rates among Aboriginal and Torres Strait Islander people contribute to their high poverty rates. According to 2016 census figures, 47% of

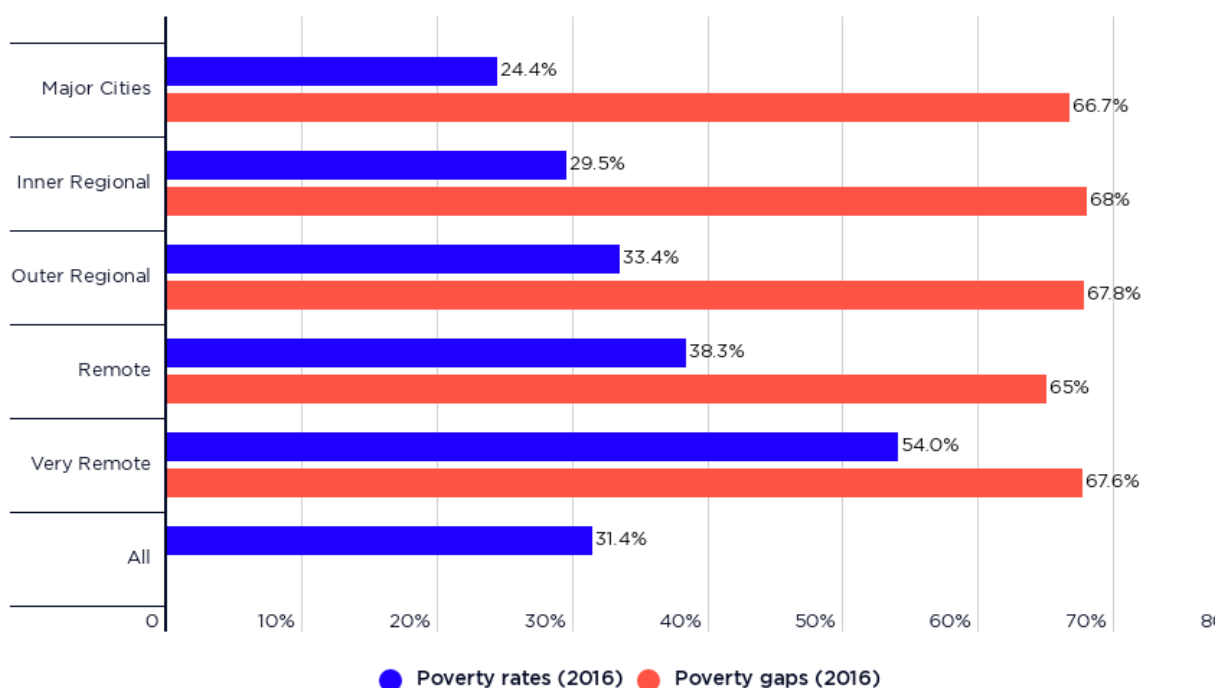
<sup>72</sup> Markham F & Biddle N (2018): Income, poverty and inequality - Census Paper 2, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra

<sup>73</sup> This is more than three times the poverty rate for all households in 2015-16 (9.1%), when poverty is measured using the 50% of median income poverty line before housing costs and without excluding self-employed households and those with zero and negative incomes, and the ABS Income and Housing survey is the data source.

Aboriginal and Torres Strait Islander people aged 15 to 64 years were employed compared with 72% for non-Indigenous people.<sup>74</sup>

Figure 23 also shows that poverty gaps for Aboriginal and Torres Strait Islander people (in proportion to the poverty line) are consistent across the country, from 67% in major cities to 65% in remote areas.<sup>75</sup> Of course, this only tells us part of the story about living standards, with very different cost of living challenges and access to services in different parts of the country. A likely reason for the limited variation among poverty gaps is the role of the social security safety net in sustaining incomes among people who are out of paid work.

**Figure 23: Poverty rates and gaps among Aboriginal and Torres Strait Islander people, by region, in 2016**



Source: Markham, F., & Biddle, N. (2018). Income, poverty and inequality (2016 Census Paper No. 2). Canberra: Centre for Aboriginal Economic Policy Research, ANU. Retrieved from <http://caepr.cass.anu.edu.au/research/publications/income-poverty-and-inequality>

Note: Poverty rates are before housing costs, using 50% of median income poverty line.

Poverty gaps are expressed as a percentage of the poverty line, and are calculated differently to the poverty gaps in our research.

<sup>74</sup> ABS (2017): Aboriginal and Torres Strait Islander population 2016, Reflecting Australia - Stories from the Census.

<sup>75</sup> These are approximately twice the average poverty gaps for all households in our study, as they are calculated in a different way. They are included here to show the consistency of poverty gaps for Indigenous people across different parts of Australia.



# Poverty in Australia 2020

## Supplementary Report:

### Poverty in households with female and male main earners compared

We reported in Poverty in Australia 2020 (Part 2) that women and girls were slightly more likely to live in poverty than men and boys using the household based poverty lines (14.1% as against 13.1% for men).<sup>76</sup>

Since the poverty status of each person is based on their household income and housing costs, this likely understates differences in the risk of poverty among men and women. As long as women and girls live in households where the primary income-earner is male, their risk of poverty will be similar to that of men and boys using a household poverty line approach.<sup>77</sup>

Another way to compare the risk of poverty among men and women is to ask what happens when people live in households that are primarily dependent on female rather than male incomes. This includes, for example, single women, households where the main earner is female, and couple households where a female partner has the highest income. If women have lower earnings than men, we would expect (all things equal) the risk of poverty to be greater in households where the main earner is female.

For this purpose, we compare poverty in households with male and female reference persons. While the 'reference person' as defined by the ABS is not always the main earner in the household, it is in the vast majority of cases.<sup>78</sup>

We found in Poverty in Australia (Part 2) that the difference between poverty rates for all individuals in households with male and female main earners is indeed much greater than that between men and women (and boys and girls) generally. When the 50% of median income poverty line is used, the poverty rate in households with a female main earner is 19.2% (almost twice as high as the 10.2% poverty rate when the main earner is male).

Here we dig a little deeper to compare poverty in households with male and female main earners in different types of families. The results differ for families with and without children.

#### Families with children

The biggest differences in poverty rates between households with male and female reference persons are in families with children.

The average poverty rate among people in families with children where the main earner is female is 23%, compared with 10% where the main earner is male (which is the more common arrangement).<sup>79</sup>

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<sup>76</sup> The poverty line used was 50% of median household disposable income, after deducting housing costs.

<sup>77</sup> However, their personal income may be more important for their living standard if they change household structure in the future. For example, when they leave their parents' home or if they separate from their partner.

<sup>78</sup> The household reference person is selected by the ABS as follows, from among people aged 15+ in the household: The first unique person chosen is described as the reference person. Highest tenure (ranked: owner, owner with mortgage, renter, other), a member of a couple with dependent children, a member of a couple without children, a lone parent, the person with the highest income, the oldest person. We use reference person here as a proxy for 'highest income-earner'. Where the reference person is a member of a couple, in 95% of cases the reference person has a higher income than their partner, in 4% of cases they have equal income, and in 1% the reference person has a lower income.

<sup>79</sup> This calculation excludes the 'other families' category in Figure A1, which includes families with and without children.



In contrast, among households without children, the average poverty rate where the main earner is female is 12%, compared with 10% where the main earner is male.

Figure A1 breaks households with children into those where the parents are partnered or sole parents. The rate of poverty in sole parent families where the main earner is female is 37%, which is twice that in sole parent families where the main earner is male (18%).<sup>80</sup>

Sole parent families with a female earner also contain a substantial share of people in poverty overall (17% - see Figure A2). By definition, many of those affected are children.

Figure A1 also shows that in couple-with-children households in which the main earner is female, the rate of poverty is more than 50% higher (16%) than in couple-with-children households in which the main earner is male (10%).

Although only a quarter (26%) of all couples with children have a female main earner, over one-third of all people in poverty in couple-with-children households have a female main earner. Figure A2 shows that 12% of all people in poverty are in couple families with children in which the main earner is female, compared with 22% in couple families with children in which the main earner is male.<sup>81</sup>

These results suggest that economic vulnerability among female-headed households is associated with women's role in caring for children. Sole parent families are especially vulnerable to poverty due to the challenges single mothers face in combining employment and care, and deficiencies in social security payments for these families.

## Families without children

The differences in poverty rates among households with male and female main earners without children are not as stark as for households with children. As indicated above, among households without children, the average poverty rate where the main income-earner is female is 12%, compared with 10% where the main income-earner is male.

Figure A1 indicates that where the main earner is of working age, poverty rates are somewhat higher in those with a female main earner. Among singles of working age, the poverty rate among females is 28% compared with 26% for males. Among couples of working age, the poverty rate in households with a female main earner is 9% compared with 7% for households with a male main earner.

On the other hand, where the reference person is 65 years or over, poverty rates are somewhat lower in households with a female main earner (though, as noted below, there are more older women than men living in poverty overall). Two factors may explain this.

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<sup>80</sup> Note that the male-headed estimate is only approximate because of their small sample size.

<sup>81</sup> Workplace Gender Equity Agency (2019), Unpaid care work and the labour market.

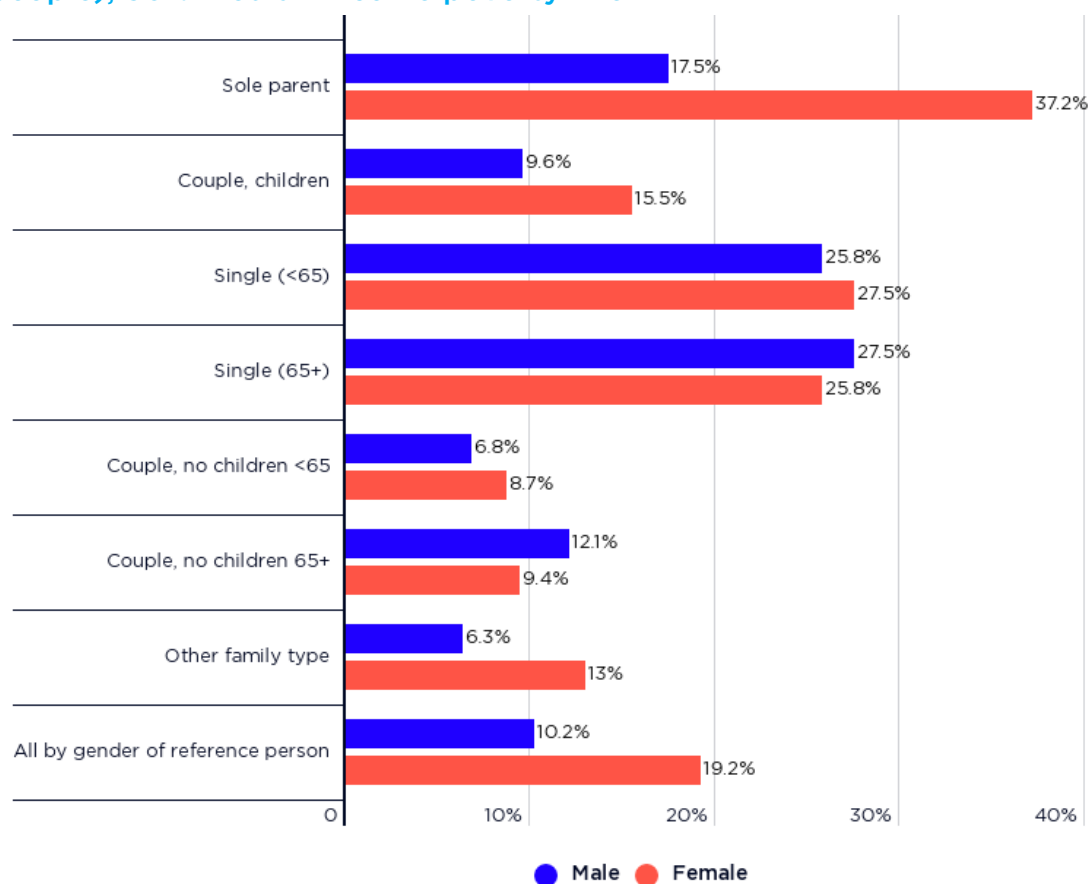
First, most single women 65 years and older were previously married (usually while in retirement), but outlived their partner.<sup>82</sup> As a result, they may have inherited the combined marital assets such as their home and superannuation.

Conversely, the minority of older single men in poverty may come from relatively disadvantaged backgrounds – that is, men with low lifetime incomes who never married.<sup>83</sup>

Figure A2 shows that among people in poverty in older single-person households (65 years and over), women greatly outnumber men (comprising 6% of all people in poverty when the 50% of median income poverty line is used, compared with 3% who are older single men). Among older people in poverty, around two-thirds (65%) are women. The main reason (as discussed) is that women live longer on average than men, so the majority of single people aged 65 years and over (68%) are women.<sup>84</sup>

On the other hand, among people in poverty in older couple households, more are found in households with a male main earner (comprising 6% of all people on poverty, compared with 2% in older couple households with a female main earner). This reflects the predominance of couples with a male main earner (70% of all couples) in that age group.

**Figure A1: Rate of poverty by gender of household reference person (% of all people), 50% median income poverty line**



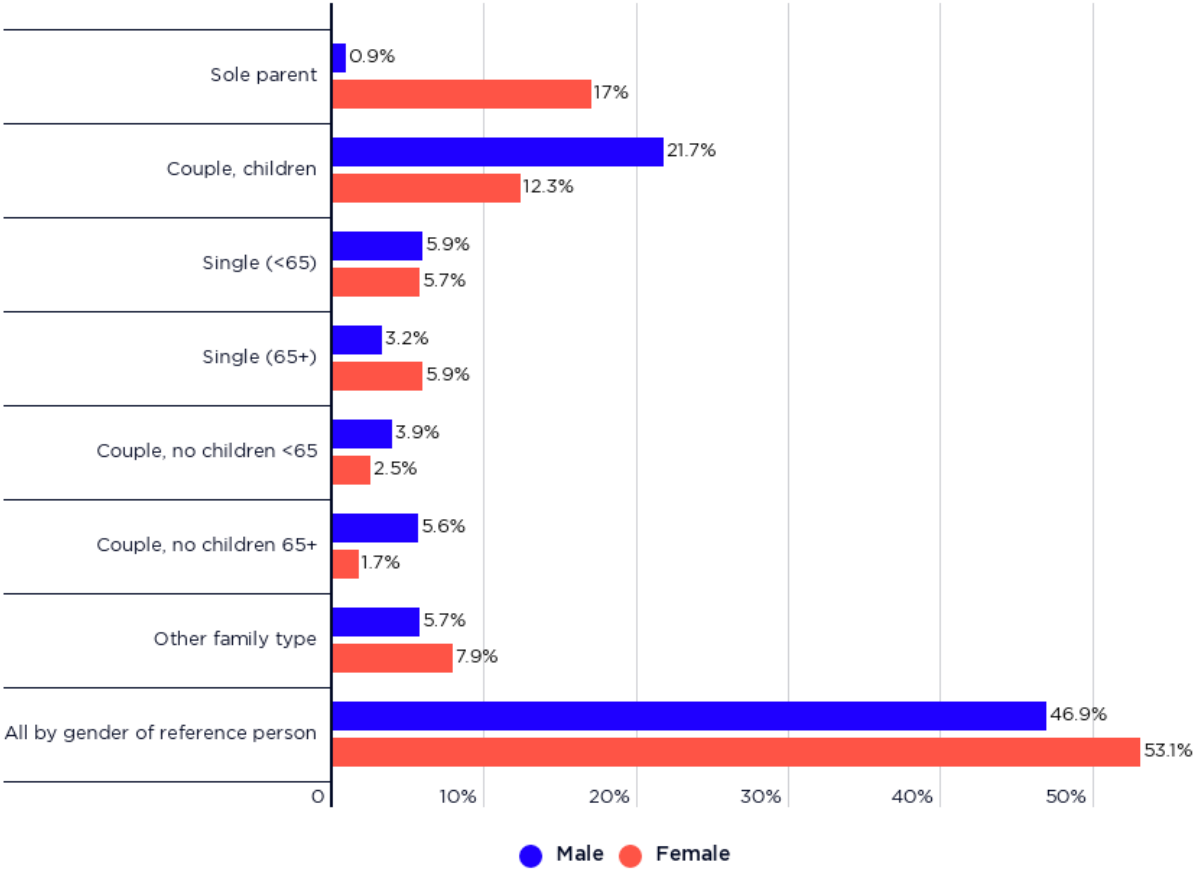
<sup>82</sup> In 2011, two thirds (66%) of women aged 70-79 years were widowed, compared with just one third (33%) of men of that age. de Vaus D & Qu L (2013), Demographics of living alone, Australian Institute of Family Studies, Australian Family Trends No 6.)

<sup>83</sup> In 2011, among men who lived alone in their 60s and 70s, over 20% had never married, compared to less than 10% of similarly aged women who live alone.

Over a third (35%) of middle-aged (40-59 years) men who lived alone were in the lowest two individual income quintiles, compared to just 22% of men of that age who did not live alone. Among middle-aged women, the opposite pattern prevailed: 39% of those who lived alone were in the lowest two quintiles compared with 49% of those living with others (de Vaus D & Qu L (2013), op cit.

<sup>84</sup> Australian Institute of Health and Welfare (2019), Deaths in Australia.

Figure A2: Profile of poverty by gender of household reference person (% of all people in poverty), 50% median income poverty line







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