

Poverty

& Inequality

IN AUSTRALIA
povertyandinequality.acoss.org.au

Submission to Inquiry into the extent and nature of poverty in Australia

FEBRUARY 2023

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(1) Introduction

The Australian Council of Social Service (ACOSS) and UNSW Sydney have been monitoring the rate of poverty in Australia since 2012 with the publication of the first *Poverty in Australia* report; and entered into a formal partnership agreement to research poverty and inequality in Australia in 2017.

The Poverty and Inequality Partnership (the Partnership) evolved partially from the recognition that there did not exist in Australia a recognized or regular process for monitoring the numbers of people experiencing or at risk of experiencing poverty. This is further complicated by the lack of an official definition or measure of poverty in Australia.

The Partnership is an example of research cooperation between the academic and not-for-profit communities, where the research strengths of the academic community are combined with the advocacy strengths of the not-for-profit community to form a research and impact partnership.

The Partnership is led by ACOSS and UNSW Sydney. NGO partners are 54 reasons (part of the Save the Children Australia Group), ARACY, Brotherhood of St. Laurence, cohealth (a Victorian community health service), Good Shepherd Australia New Zealand, Foodbank Australia, Jesuit Social Services, Life Without Barriers, Mission Australia, Settlement Services International and The Smith Family. Additional support is received from philanthropic partners Hart-line and the Social Justice Fund, both sub-funds of Australian Communities Foundation; and John Mitchell.

Now in the second phase of this partnership, our research has produced updates on the numbers of people experiencing and at risk of experiencing poverty in Australia, based on data produced by the Australian Bureau of Statistics (ABS). We have released a suite of research reports on the impacts of the COVID-19 pandemic on poverty in Australia, especially in the areas of income support, housing and homelessness. Additionally, we have published regular updates on inequality in Australia.

More information about the partnership and the work we undertake, and available publications, can be found at: <http://povertyandinequality.acoss.org.au>.

In this document we summarise results from some of the key recent outputs from the project.

(2) Summary

Although Australia is a signatory to the United Nations' Sustainable Development Goals, the first of which is "no poverty", we have the 15th highest rate of poverty among the 38 countries of the Organisation for Economic Cooperation and Development (OECD).¹

Australia currently has no official definition or monitoring of poverty.

¹ OECD (2023), Poverty rate (indicator). doi: 10.1787/0fe1315d-en (Accessed on 11 January 2023)

In this submission we outline the major findings of research undertaken by the Partnership to fill this information gap about poverty in Australia. We outline the findings of research we have undertaken on the levels of income poverty, the causes and impacts of poverty.

We make several recommendations on what actions could reduce the levels of poverty in Australia.

(3) Recommendations

Recommendation 1: That an official national definition of poverty be agreed and regular monitoring of poverty trends undertaken within the forthcoming Wellbeing Framework.

An official definition of poverty should be established and regular monitoring of poverty rates in Australia included as a key indicator in the Federal Government's Wellbeing Framework.

Recommendation 2: That the rate of JobSeeker and related payments be substantially increased.

The Partnership's research highlights the significant poverty gap experienced by people relying on JobSeeker and other allowance payments, and their high risk of poverty. People in households below the poverty line have incomes that average \$304 per week below the poverty line (the 'poverty gap'), after deducting housing costs. The average poverty gap is 42% of the poverty line. 57% of people on JobSeeker are living below the poverty line. A substantial increase in the base rate of the JobSeeker Allowance and related payments would significantly reduce poverty, as was demonstrated by the significant reduction in poverty resulting from the introduction of the Coronavirus Supplement in 2020.

Recommendation 3: That investment in social housing be scaled up to address the critical shortage of affordable rental housing nationally.

The Partnership's research demonstrates a strong correlation between poverty rates and housing costs. In Australia, housing represents the highest cost in most family budgets. Those with lower housing costs, especially those who own houses outright, can achieve a higher standard of living than people on the same income but with higher housing costs.

Our latest research (pre-COVID) found 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 who rent privately. Of the people living below the poverty line, 50% are renters – 10% more than the number of people renting in the overall population.²

We need sustained, increased investment in social and affordable housing over the long term, including in deeply subsidized housing as well as appropriately targeted affordable housing programs, to boost affordable and social housing stock and reduce housing costs for people on low incomes.

² Davidson, P., Bradbury, B., and Wong, M. (2020), [Poverty in Australia 2020: Part 2, Who is affected?](#) ACOSS/UNSW Poverty and Inequality Partnership Report No. 4, Sydney: ACOSS

(4) The rates and drivers of poverty

(a) Poverty rates

i. Measuring poverty

The Poverty and Inequality Partnership uses a combination of methods to measure the rate of poverty, based on household income, as outlined below:

50% of median income poverty rate: This poverty definition is similar to that adopted by the Organisation for Economic Cooperation and Development (OECD), in which the poverty line for a single adult living alone is set at half the after-tax income of the median (middle) household in the overall income distribution, including any social security payments received. This measure allows for direct comparison of poverty rates with other countries. The Partnership uses a variant of this OECD definition, including a different measure of household size, to define a “poverty line”. We also present results taking account of housing costs to provide estimates of “after-housing poverty” (see *Before- and after-housing poverty rate* below).

60% of median income poverty rate: This rate is utilized by the European Union as their measure of poverty, where the poverty line for a single adult living alone is set at 60% of the after-tax income of the median household in the overall income distribution, including any social security payments received.

Before- and after-housing poverty rate: The Partnership has refined the above measures of poverty by considering the access different households have to housing. Those who own their home outright require less income to achieve a decent standard of living than those who are renting or paying off a mortgage. To consider this, we reduce these poverty lines by the median cost of housing across the community and then reduce each household’s income by their actual housing costs, to create the after-housing poverty rate.³ This allows for a more effective comparison of the living standards of groups with low housing costs (e.g., home owning retirees) with those with higher housing costs (e.g., unemployed renters).

Poverty gap: This refers to the difference between the incomes of people in various household types in poverty and the poverty line.

Deprivation: Deprivation is a means of measuring poverty by looking at the essential items people are missing out on. The Partnership is currently researching this measure through the utilization of Household, Income and Labour Dynamics in Australia (HILDA) Survey (HILDA) survey.⁴

In addition, in the second Phase of the Partnership, we will complement these measures with other evidence of the lived experience of poverty and community attitudes towards poverty in order to increase understanding of the effects of poverty in Australia and barriers to poverty reduction; and undertake research to build the evidence base around poverty for different community cohorts for

³ Davidson, P; Bradbury, B; and Wong, M (2022) [Poverty in Australia 2022: A snapshot](#) Australian Council of Social Service (ACOSS) and UNSW Sydney

⁴ Melbourne Institute (n.d.), [HILDA Survey](#) Accessed 12 January 2023

which there is currently a lack of evidence, including First Nations communities, and migrants and asylum seekers.

ii. Rates of poverty in Australia

Our recent report, [Poverty in Australia 2022: A snapshot](#) uses the latest data available from the ABS Survey of Income and Housing (2019-20) to find that:

- The poverty line based on 50% of median household income ranges from \$489 per week for a single person to \$1,027 per week for a couple with two children.
- More than one in eight people (13.4%) and one in six children (16.6%) live below the poverty line after taking account of housing costs.
- In total, there are over three million (3,319,000) people in poverty, including 761,000 children.
- People in households below the poverty line have incomes that average \$304 per week below the poverty line (the 'poverty gap'), after deducting housing costs. The average poverty gap is 42% of the poverty line.
- Earlier research⁵ showed a higher rate of poverty for women (14.1%) than for men (13.1%).

Further, the report found that:

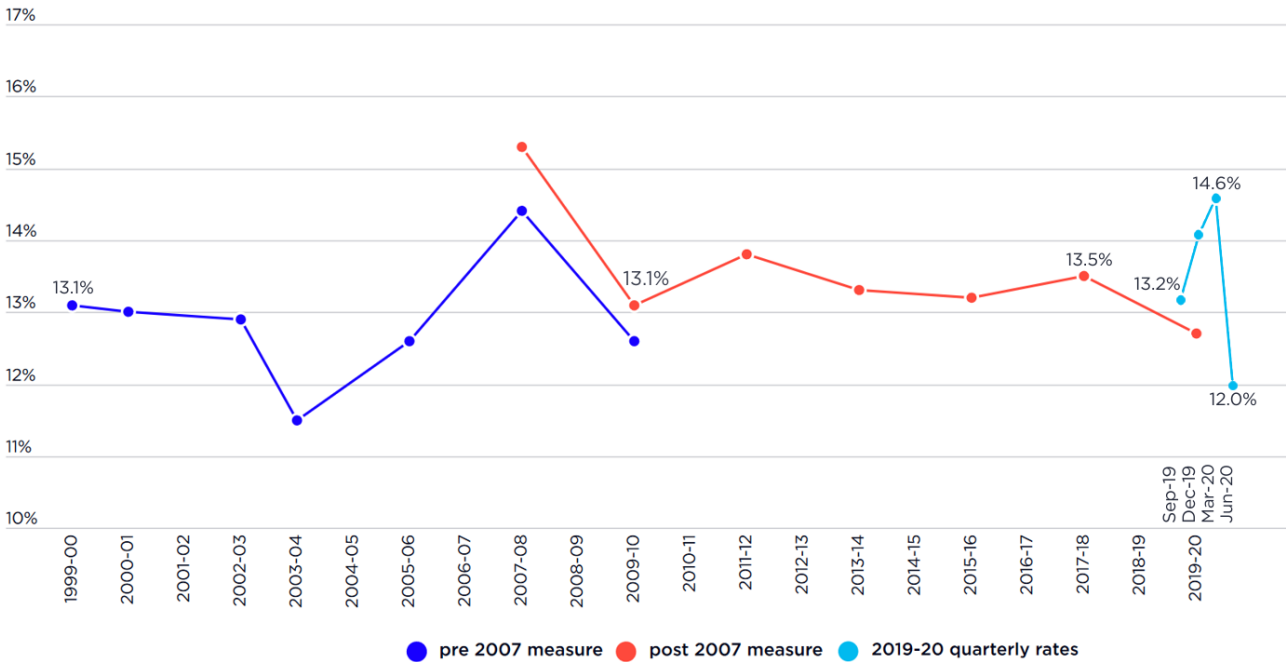
- The poverty rate rose to 14.6% in the March quarter of 2020 due to COVID-19 restrictions.
- It then fell to 12% – a 17 year low – in the June quarter of 2020 due to boosted income support payments.
- The boosted payments brought 646,000 people – or 2.6% of all people – out of poverty.
- The child poverty rate rose from 16.2% in the September quarter of 2019 to 19% in the March quarter of 2020. It then fell to 13.7% – a two-decade low – in June 2020.

The figure below shows the fluctuating rate of poverty between 1999-00 to 2019-20. The lower (dark blue) line shows poverty rates measured using the pre-2007 ABS income definition, while the higher (red) line is based on the post 2007 income definition.⁶ The last (light blue) line shows the quarterly changes in poverty rates during the 2019-20 period and the impacts of COVID-19.

⁵ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

⁶ **Pre 2007 measure:** This refers to the definition of income that was in use prior to 2007 by the Australian Bureau of Statistics (ABS), and which was also included in later surveys. **Post 2007 measure:** This refers to the definition of income that was brought into use in 2007 by the Australian Bureau of Statistics (ABS). This definition was broadened to include forms of income not previously measured, such as fringe benefits, irregular overtime and bonuses, resulting in increased estimates of median incomes, and, consequentially, poverty rates.

Figure 1: Percentage of all people in poverty from 1999 – 2020



iii. Poverty gaps

It is useful to examine poverty rates and poverty gaps together to gain a full picture of trends in poverty. These factors include:

- Before 2009, a substantial proportion of people below the poverty line relied on the Age Pension, which was just below poverty line. A pension increase in 2009 lifted many older people above the poverty line.
- This meant that a growing proportion of people in poverty were on much lower payments such as Newstart Allowance (whose value declined in comparison with median household incomes as discussed previously), increasing the poverty gap.⁷

The average poverty gap is \$304 per week. It increased steadily from \$168 a week in 1999 to \$290 a week in 2017, then to \$323 in March 2020. It then fell to \$310 in June 2020 due to the extra COVID-19 income support. The poverty gap over the last 20 years has been more persistent than the rates of poverty shown in Figure 1, reflecting a combination of factors working in opposite directions.

Section (b) *Drivers of Poverty*, p.9, shows the correlation between economic conditions and poverty rates.

⁷ Davidson, P; Bradbury, B; and Wong, M (2022), op.cit.

iv. Poverty rate and profile for specific demographic groups

The Partnership measures not only the **rate** of poverty for various demographic groups (the risk of poverty among people drawn from each group), but also the **profile of poverty** for particular demographic groups (the share of each group within the population of people in poverty). This shows that there are groups of people who are more at risk of experiencing poverty, and groups of people who are over-represented within the profile of poverty.

There are particular demographic groups that face an elevated **risk of poverty** (20% or more), compared with the overall poverty rate. These are:

- 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/JobSeeker Payment (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%);
- 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%).⁸

Our research has also found a higher risk of poverty for households in which the main income-earner is a woman (19.2%), compared with those in which the main income-earner is a man (10.2%).⁹

While 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.¹⁰

Groups with a high **share of all people in poverty**, due either 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) include:

- Women and girls (53%);
- People in households whose main income is social security (51%);

⁸ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

⁹ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

¹⁰ 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).

- 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/JobSeeker Payment (24%), or Parenting Payment (23%).¹¹

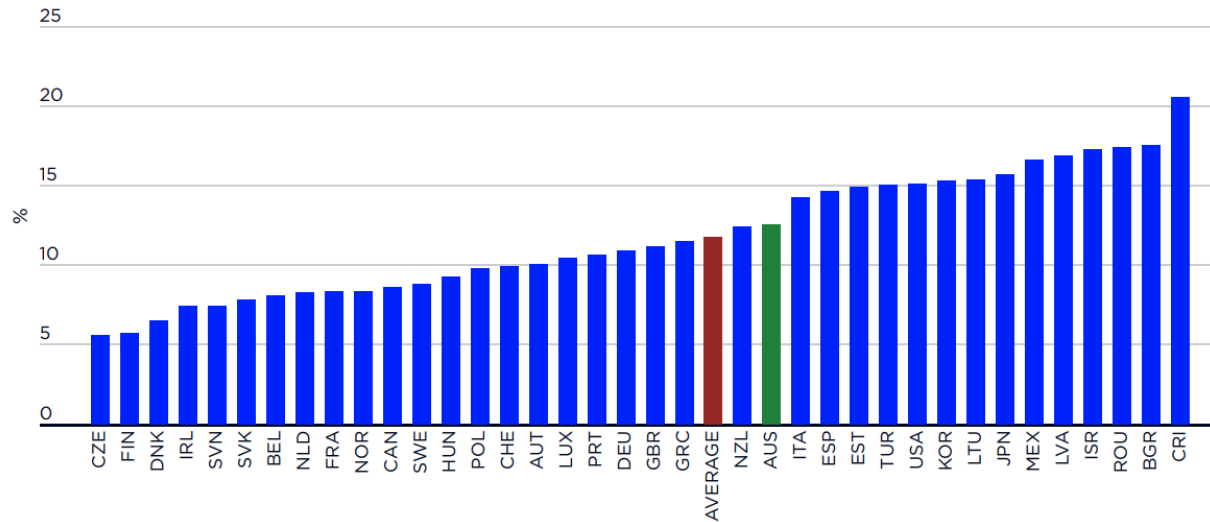
v. International poverty comparison

The OECD estimate for the overall rate of poverty in Australia in 2020 is 12.6%. This is above the OECD average of 11.8%. Among the wealthier OECD nations, Australia has relatively high poverty rates, and we have the 15th highest rate among the total 38 OECD countries.

Although the OECD uses the same 50% of median income poverty line, differences in the research methodology (in particular, housing costs are not considered by the OECD and household size is adjusted differently) mean that the results are close to but not the same as those reported from our research which estimated the 2020 poverty rate at 13.4%.

¹¹ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

Figure 2: Poverty rates in OECD countries



SOURCE: OECD (2023), Poverty rate (indicator). doi: 10.1787/0fe1315d-en (Accessed on 11 January 2023)

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(b) Drivers of poverty

A combination of factors contributes to the lack of money or resources to meet the basic needs of life.

These factors include:

- Economic conditions (including unemployment);
- Housing costs; and
- Income support eligibility and rates.

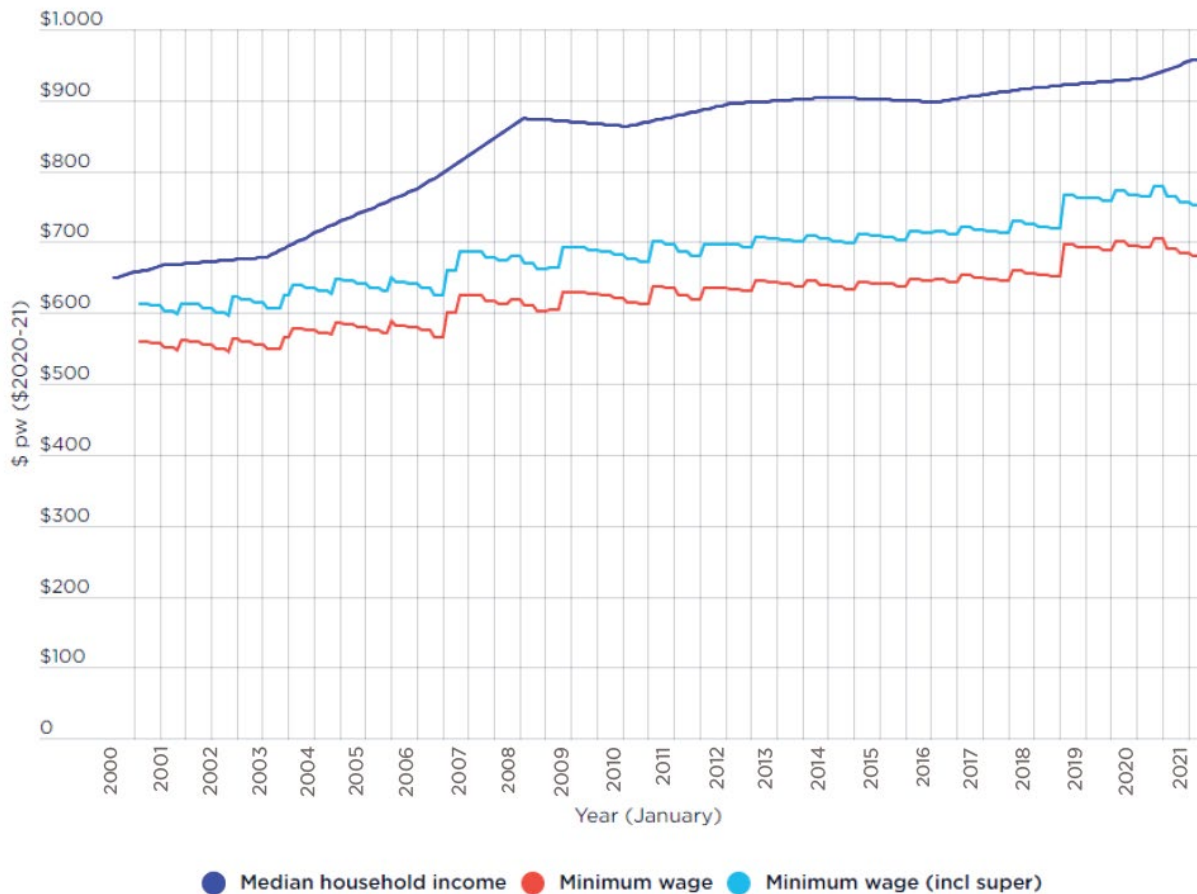
i. Economic conditions

Changes in average household incomes since 2000

Because the Partnership uses a poverty measure which is benchmarked to median household incomes, changes in household income – including hours of paid work, wage rates and tax changes – impact the level of poverty. Historically:

- During 2003 – 2007, leading up to the Global Financial Crisis (GFC), poverty increased as a sharp rise in median incomes was not reflected by an equally strong increase in the lowest incomes.¹²
- After the GFC, incomes stagnated. Average income growth fell from an average 4% a year to an average 0.5% per year overall, and to even less (0.4%) for those in the lowest 20% income group.¹³
- During the COVID-19 crisis, household incomes were maintained as a result of large government transfer programs. Subsequently, real incomes have likely diminished because of rising prices, stagnant wages and the end of COVID supplements.

Figure 3: Community income growth since 2000¹⁴



¹²Davidson, P., Bradbury, B., Hill, T. and Wong, M. (2020), [Poverty in Australia 2020: Part 1, Overview](#). ACOSS/UNSW Poverty and Inequality Partnership Report No. 3, Sydney: ACOSS.

¹³ Davidson P, Bradbury B, Wong M & Hill T (2020), [Inequality in Australia, Part 1: Overview](#). Australian Council of Social Service and UNSW (Sydney).

¹⁴ Bradbury, B and Hill, T (2021) [Australian income support since 2000: Those left behind](#) ACOSS/UNSW Sydney Poverty and Inequality Partnership, Build Back Fairer Series, Report No. 2, Sydney

Note: Household income is after deducting tax and is per-equivalent adult. The minimum wage is after-tax but does not include any casual loading. The minimum wage including super adds compulsory employer superannuation contributions.

Labour force status: Employment, unemployment and under-employment

Wage and salaries provide 78% of all income in Australia, while social security payments such as JobSeeker provide only 8% of income.¹⁵ This means that the labour force status of the main income-earner¹⁶ in a household makes a major difference to poverty rates among people of working age. Among people in households where the reference person (or main income-earner) is unemployed, 66% are in poverty (using the 50% of median income poverty line), and if they are not in the labour force (for example have a disability or full-time caring responsibilities), 45% are in poverty.

In contrast, where the main income-earner is employed full-time, the poverty rate is 6%. Households relying on a single part-time wage are more than twice as likely as those relying on a full-time 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 full-time basis.¹⁷

Some groups have much lower rates of employment than the overall population aged 15-64 years, putting them more at risk of poverty. They include sole parents (59%), people with disability (48%), and recent migrants from North Africa and the Middle East (30%). This is due to a range of barriers to employment including discrimination and the lack of accessible, supportive and flexible workplaces which support people with disability and/or caring responsibilities.¹⁸

The rates of under- and un-employment are also important when considering the drivers of poverty. From 1999 to 2018, the unemployment rate fell from 8.4% in 1999 to 5.1%, which (all things equal) reduced poverty. Conversely, underemployment (being employed part-time but unable to secure more paid hours) rose from 6% in 1999 to 8.6% in 2018.¹⁹ The COVID-19 crisis led to the unemployment rate increasing to 7.5% in mid-2020, but the exodus of foreign workers and the associated fiscal stimulus has meant a steady decline since then – to 3.4% in November 2022.²⁰

As Figure 3 above shows, minimum wage growth fell behind community incomes prior to the GFC. They caught up a little of this gap in the years prior to the COVID-19 crisis, but with rising inflation they have fallen 2.5% in real terms since mid-2020.²¹

¹⁵ Davidson P, Bradbury B, Wong M & Hill T (2020), op.cit.

¹⁶ The reference person for each household in the Survey of Income and Housing which provides the data for most of this website is chosen by the Australian Bureau of Statistics, by applying its selection criteria to all household members aged 15 years and over. [Find out more here](#)

¹⁷ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

¹⁸ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

¹⁹ Davidson, P., Bradbury, B., Hill, T. and Wong, M. (2020), op.cit.

²⁰ ABS seasonally adjusted unemployment rate.

²¹ Fair Work Commission (fwc.gov.au) and ABS (2022), *Consumer Price Index, Australia, September 2022*.

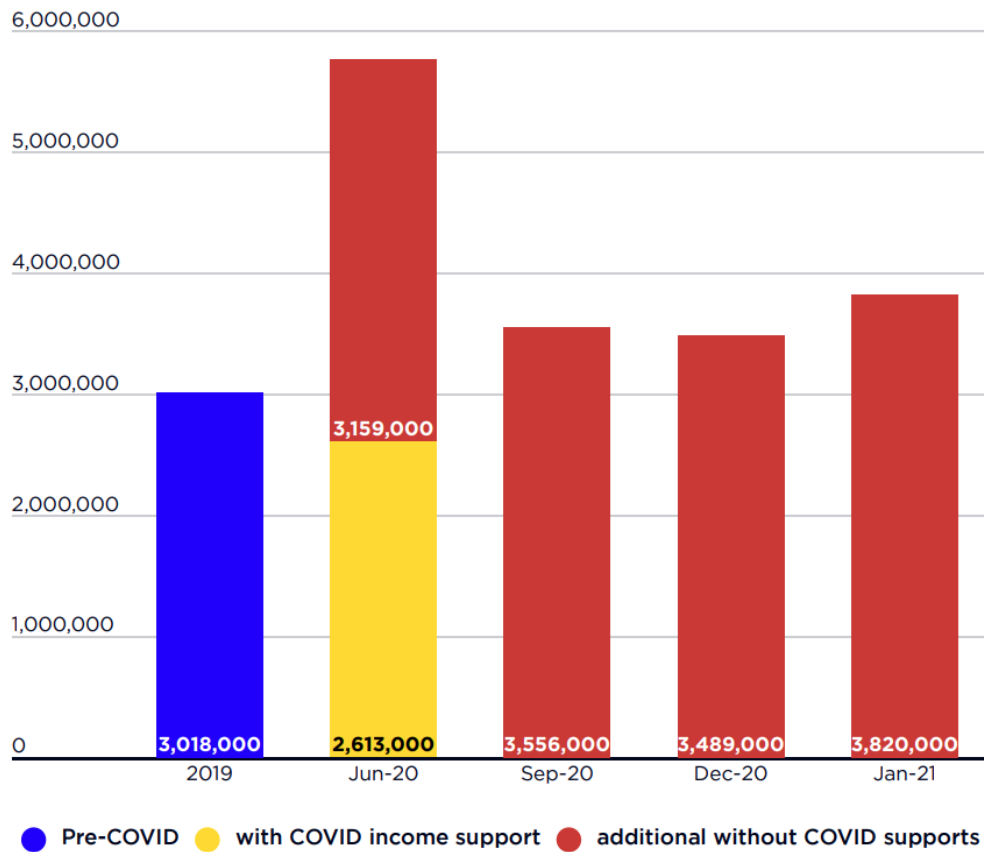
ii. Impacts of the COVID-19 pandemic

Despite the initial rise in unemployment associated with the COVID-19 pandemic, poverty went down because of changes to income support payments and the introduction of JobKeeper Payment. The increase in income support payments resulted in a significant reduction in poverty rates:

- The gaps between maximum payment rates and poverty lines in March 2020, when the pandemic started to be felt in Australia, was \$19pw below the poverty line for singles receiving pension payments, \$25pw below the poverty line for couples; for those receiving JobSeeker, the payment was \$134pw below the poverty line for singles and \$152 pw below it for couples.
- In June 2020, with the introduction of a \$750 lump sum Economic Support Payment for people on income support payments generally including pensions, and a \$275pw Coronavirus Supplement for people on unemployment and related payments, the gaps between social security payments and poverty lines narrowed for those on pensions and were eliminated for people receiving JobSeeker Payment.
- From September 2020 the Coronavirus Supplement was progressively reduced and in April 2021 it was abolished and JobSeeker Payment, along with other payments including Youth Allowance and Parenting Payment, were permanently increased by \$25 per week.
- Because the data that informs the Partnership's poverty rate calculation is not available for 2021-22, we must rely on estimates of the effects the above changes in income support payments had on the rate of poverty. Estimates suggest that the overall poverty rate would fall from 11.5% in 2019 (before the pandemic) to 9.9% in June 2020 with the introduction of the Coronavirus Supplement, then increase again to 14% in January 2021 when the Coronavirus Supplement was still in place but at the much lower rate of \$75 per week.²² Figure 4 shows the impact of these estimated changes in numbers of people affected (rather than percentage).

²² Philips et al (2020), *COVID-19 JobKeeper and JobSeeker impacts on poverty and housing stress*. ANU Centre for Social Research and Methods, Canberra

Figure 4: Poverty rates with and without COVID income supports (number of people)



Note: Additional without COVID supports category = increase in poverty in the absence of Jobkeeper & Coronavirus Supplement

Source: Phillips, Gray & Biddle (2020), *COVID-19 JobKeeper and JobSeeker impacts on poverty and housing stress*, ANU Centre for Social research and Methods

iii. Income support

Australia’s social security system should play a key role in the prevention of poverty. However, many income support payments are inadequate to prevent poverty. Consequently, where income support is the main source of income for a household, there is a high risk of that household living in poverty.²³

I guess if you’re expected to live off JobSeeker, then there has to be other ways that you have meals or something. I don’t know. You can’t live off that level of money. It’s just not possible. (Ronnie)²⁴

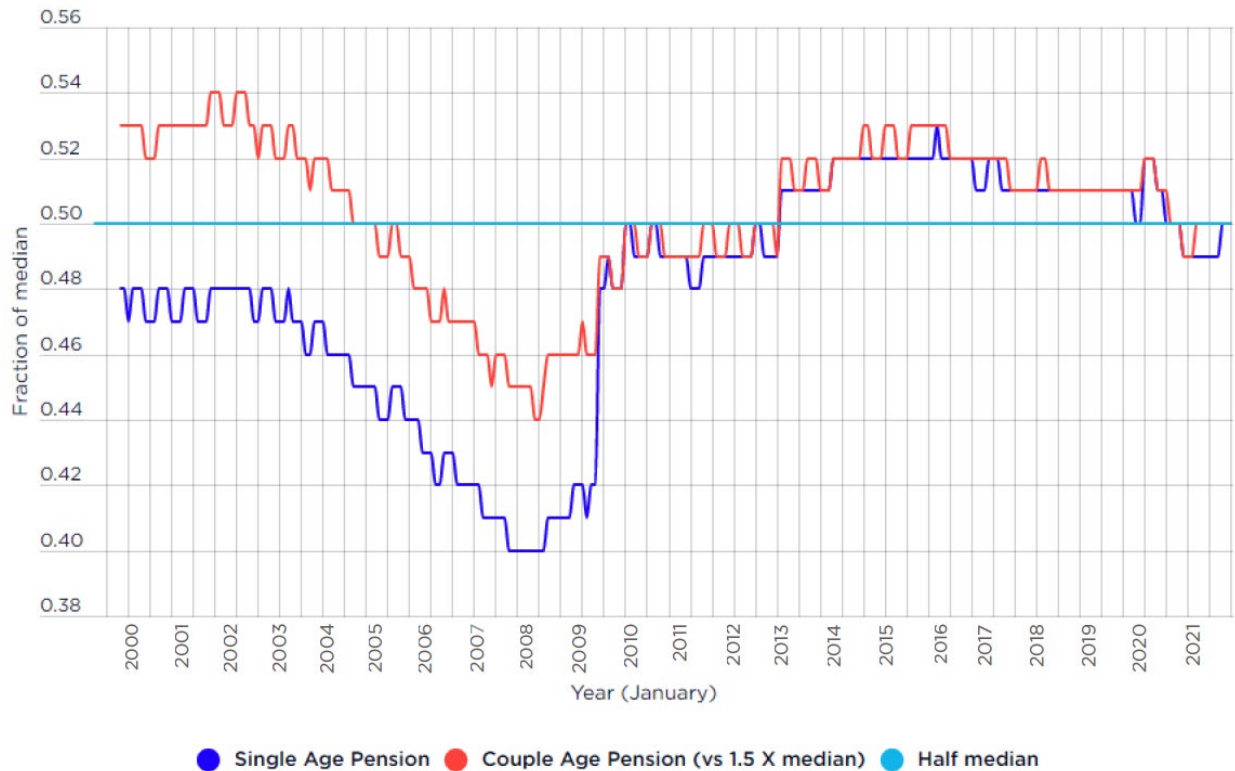
²³ Poverty and Inequality Partnership (2019), [Causes of poverty and inequality in Australia](#). Poverty and Inequality Partnership webpage, accessed 11 January 2023.

²⁴ Naidoo, Y; valentine, k; and Adamson, E (2022) [Australian experiences of poverty: risk precarity and uncertainty during COVID-19](#) Australian Council of Social Service (ACOSS) and UNSW Sydney.

While most of the Partnership’s reports have used an after-housing poverty measure to calculate poverty in different population groups, a simpler approach ignoring housing costs is useful when looking at the relationship between the base rate of income support payment and poverty over time. This methodology was used in *Australian income support since 2000: Build back fairer, report 2*, which showed the trends in rates of income support payments compared with the 50% median income poverty line.

This report shows that, since 2000, the Age Pension and Disability Support Pension have increased in line with wages and therefore the poverty line, while JobSeeker and Parenting Payments have fallen further behind. Wage indexation, combined with the 2009 base rate increase to the Age Pension (especially the single pension) have lifted pensions up to be close to the 50% median income poverty line.

Figure 5: Age Pensions relative to median income²⁵

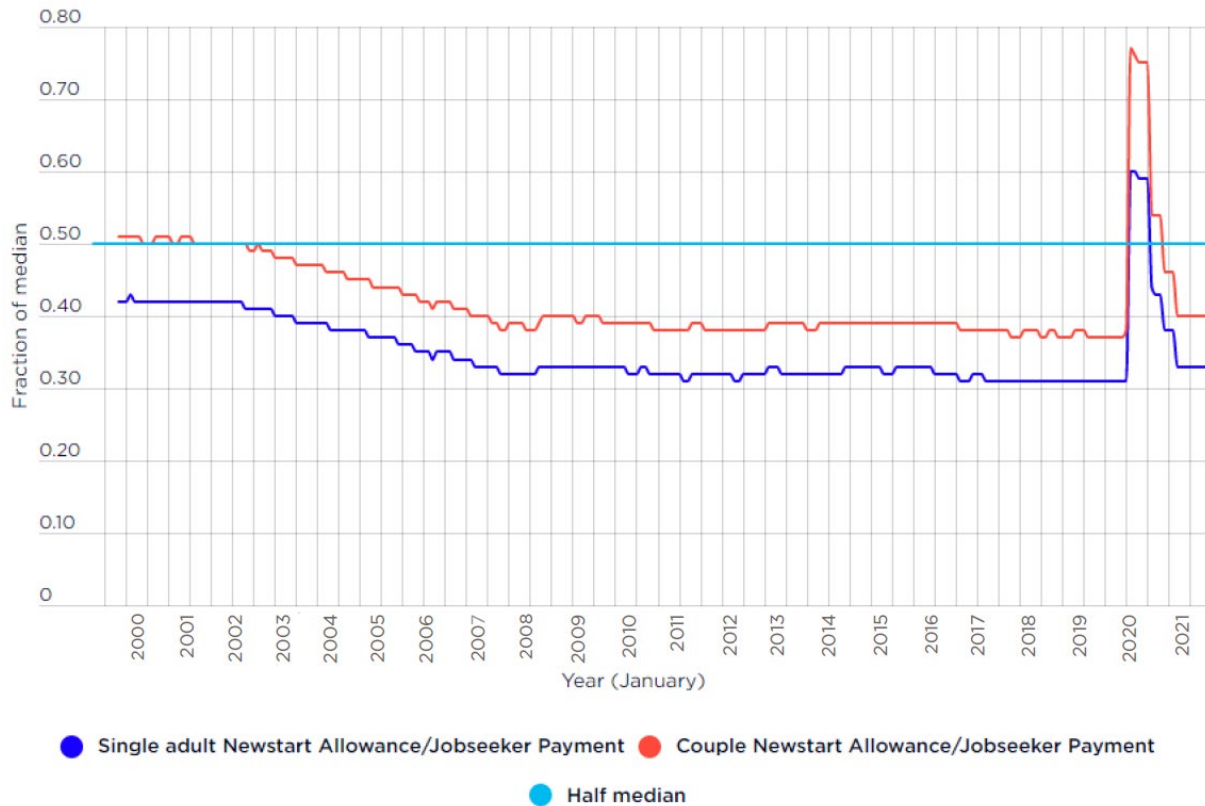


Note: The couple Age Pension is compared with 1.5 times the median equivalised household income, since the latter is in per-equivalent adult terms.

²⁵ Bradbury, B and Hill, T (2021), *Australian income support since 2000: Those left behind* ACOSS/UNSW Sydney Poverty and Inequality Partnership, Build Back Fairer Series, Report No. 2, Sydney

However, for people reliant upon unemployment payments, these payments have fallen well below 50% of median income (apart from the brief period in 2020-21 when the COVID-19 Supplement was available).

Figure 6: Newstart Allowance / JobSeeker Payments relative to median income²⁶

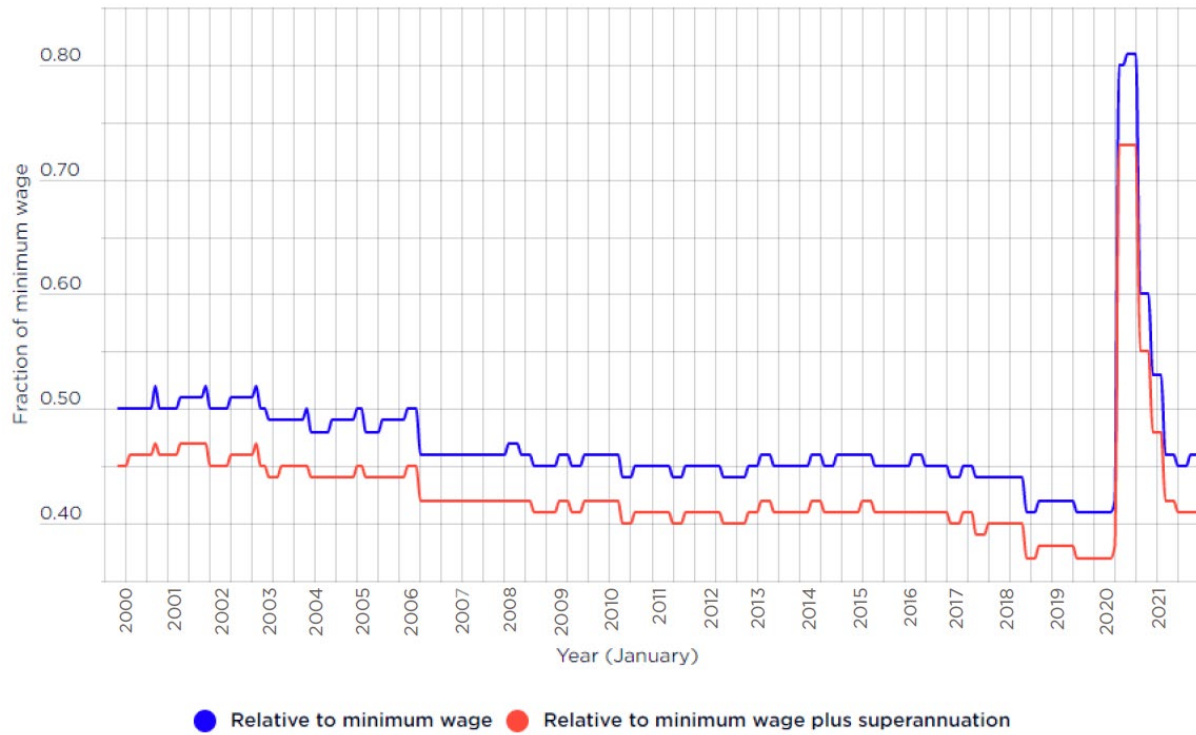


Note: The couple Newstart Allowance/Jobseeker Payment is compared with 1.5 times the median equivalised household income, since the latter is in per-equivalent adult terms.

Unemployment payments have also fallen further below the minimum wage and are now less than 50% of the minimum wage (plus super).

²⁶ Bradbury, B and Hill, T (2021), *ibid*

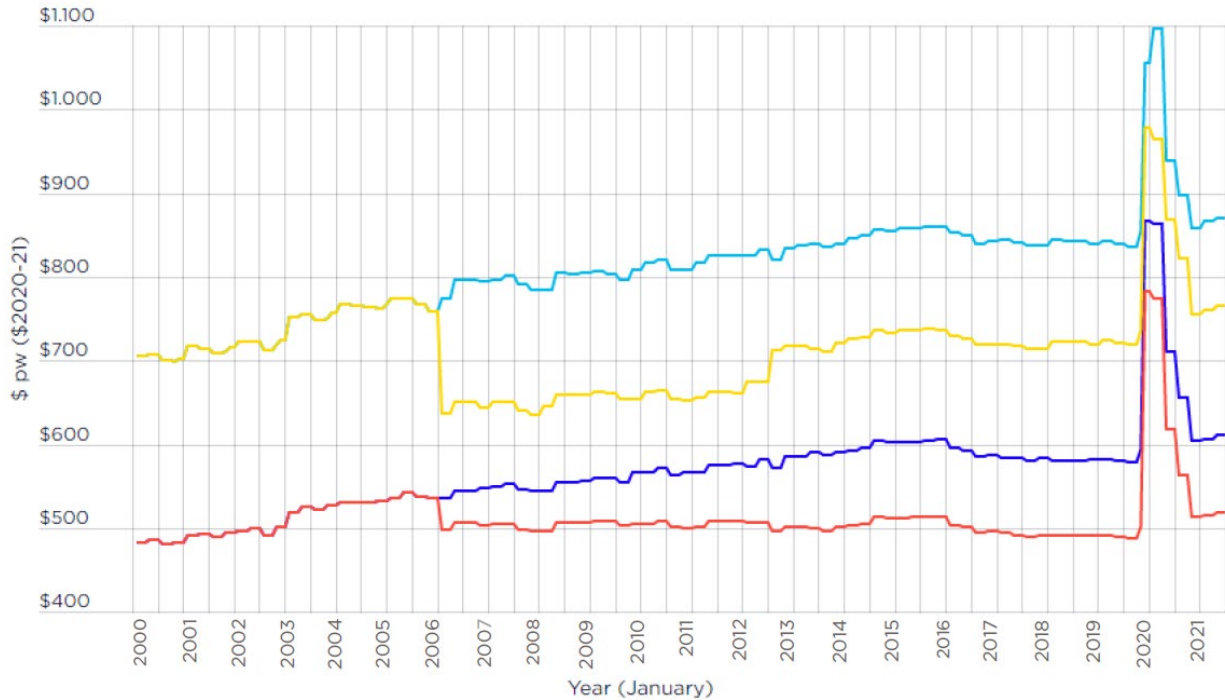
Figure 7: Newstart Allowance/Jobseeker Payments for single adult relative to the minimum wage²⁷



These reductions in the adequacy of unemployment benefits exacerbated the poverty impact of the transfer of many sole parents from higher pension payments onto unemployment payments over the 2006-2013 period.

²⁷ Bradbury, B and Hill, T (2021), *ibid*

Figure 8: After-tax income of sole parents receiving either Parenting Payment Single or Newstart Allowance / JobSeeker Payment²⁸



- Sole parent with child age 7 receiving Parenting Payment Single
- Sole parent with child age 8 receiving Newstart/JobSeeker Payment
- Sole parent earning half full-time minimum wage, with child age 7 and receiving part Parenting Payment Single
- Sole parent earning half full-time minimum wage, with child age 8 and receiving part Newstart/JobSeeker payment

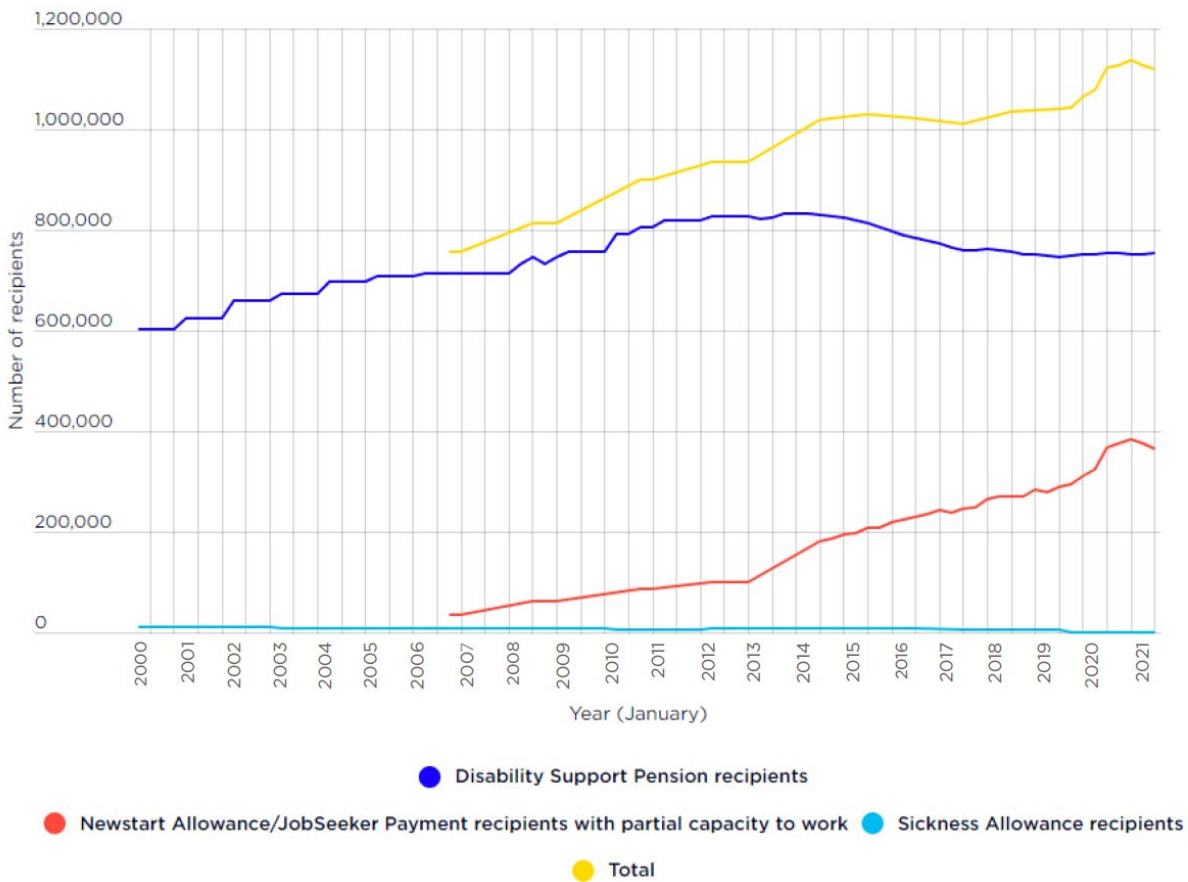
Note: This shows payment rates for new applicants (ie people whose payment was not ‘grandfathered’). Payments include family tax benefits and deduct income tax (for sole parent with earnings). It is assumed that employment continues in 2021 and so no COVID Disaster Payment is included.

Overall, the percentage of sole parents receiving the lower unemployment payment increased from none in 2000 to 28% in 2021.

Similarly, many people with disabilities are now receiving JobSeeker payment rate rather than Disability Support Pension. JobSeeker recipients assessed as having only a ‘partial capacity to work’ now amount to one-third of this group.

²⁸ Bradbury, B and Hill, T (2021), *ibid*

Figure 9: Disability payment numbers



During the first years of the COVID-19 pandemic, the numbers of people receiving income support increased dramatically and then decreased. Between September 2019 (pre-pandemic) and October 2020 (the peak of the Alpha wave), the number of people receiving the lowest income support payments such as JobSeeker increased by 70%, from 1,307,601 to 2,221,000. By September 2021, this number had decreased to 1,661,000.²⁹

As of September 2022, the number of people receiving these payments was 1,380,455.³⁰

The charts above show the correlation between the rates of income support payments and the poverty line; and between the numbers of people receiving income support payments and the numbers of people in poverty. The estimated reduction in the rate of poverty with the introduction of the

²⁹ Davidson, P., Bradbury, B., Dorsch, P. (2021) [COVID income support: Analysis of income support in the COVID lockdowns in 2020 and 2021](#). ACOSS/UNSW Sydney Poverty and Inequality Partnership, Build Back Fairer Series, Report No. 1, Sydney

³⁰ Department of Social Services (2022), [DSS Demographics September 2022](#) Department of Social Services, Canberra.

Coronavirus Supplement in 2020 shows that increasing JobSeeker and related payments would reduce the rate of poverty in Australia.

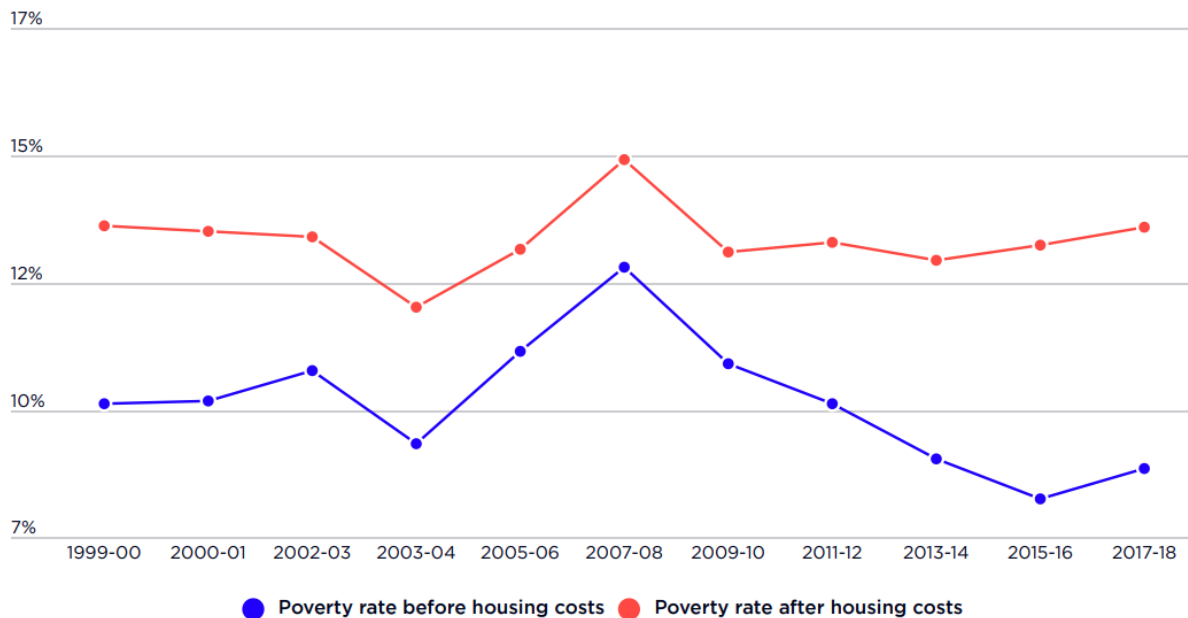
RECOMMENDATION 2: That the rate of JobSeeker and related payments be substantially increased.

iv. Housing costs

There is a strong correlation between rates of poverty and housing costs. We can judge the impacts of housing costs on the rate of poverty by comparing trends in poverty before and after deducting housing costs from income. Doing so reflects the impacts of trends in housing costs on the poverty rate.

From 2007-2017, overall housing costs increased by an average 4% a year.³¹ The chart below shows how these trends in housing costs are reflected in the poverty trends during the same period. It shows that before housing poverty increased due to a rise in median incomes in the pre-GFC boom. The fall in before housing poverty after the boom was due to the increase in the Age Pension and falling unemployment. The after-housing rate, however, remained stable throughout this period due to increases in housing costs.

Figure 10: Comparison of poverty rates measured before- and after-housing costs



In summary, increasing disparities in housing costs played a major role in keeping the overall poverty rate at around 12-13% from 2009 to 2017, when it would otherwise have declined. Reducing housing

³¹ Davidson, P., Bradbury, B., Hill, T. and Wong, M. (2020), op.cit.

costs for low-income households should be part of a poverty-reduction strategy, including through a substantial boost to social housing stock.

RECOMMENDATION 3: Investment in social housing should be substantially increased to address the critical shortage of affordable rental housing nationally.

(5) The impact of poverty on individuals

The most recent report³² published by the Partnership focused on the experiences and insights of people in poverty during the pandemic in 2020 and 2021. As such, it gives a compelling narrative not only of the impacts of poverty on individuals, but of the changes that the introduction of extra COVID-19 supports made to their lives – and what happened when these were removed. These perspectives from people directly affected are important when considering the impacts of poverty.

(a) Employment outcomes

For many people, paid work does not provide a consistent liveable income.

Employment in casual or gig economy work can mean an ongoing uncertain relationship with the labour force, continuous reliance on income support payments, and significant everyday stresses in budgeting to make ends meet:

It's very hard with casual work with my income because it's all over the place, so it makes it very hard to budget. It's an absolute nightmare because you just don't know how much money is going to come in with different amounts, so it makes it really hard to budget and work out how much money you earn. (Bella)

The COVID-19 pandemic meant many changes to people's paid work situations. For those on already low incomes, the impacts of these changes were particularly severe:

I have been able to get a little bit of cleaning work over the years. But because of COVID-19, that all stopped. Now I'm stuck with no work and no extra money. (Nadine)³³

(b) Housing security

People who rent their house are almost twice as likely to live in poverty (19%) as those who own their own home (9%).³⁴ The cost of housing makes the greatest difference to poverty rates among private tenants. Taking housing costs into account increases the rate of poverty among people renting privately by ten percentage points (from 9% to 19%), compared with an increase of five percentage points (from

³² Naidoo, Y; valentine, k; and Adamson, E (2022), op.cit..

³³ Naidoo, Y; valentine, k; and Adamson, E (2022), op.cit.

³⁴ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

4% to 9%) among home purchasers and a reduction of eight percentage points (from 17% to 9%) among home-owners.³⁵

Although Commonwealth Rent Assistance is available for tenants with low incomes, 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 two children) were well below median rents for one and two bedroom flats in Sydney (\$490pw and \$550pw respectively) and Melbourne (\$360pw and \$440pw respectively).³⁶ The costs of renting a home in Australia has increased since these figures were produced.³⁷ The latest *Rental Affordability Snapshot* found that there only seven affordable rental properties in the entire country for a single person receiving JobSeeker Payment in March 2022.³⁸

For some, the lack of affordable housing results in the use of temporary accommodation. During the first COVID lockdowns, four state governments authorized the mass provision of temporary accommodation for people experiencing homelessness. By September 2020, emergency accommodation had benefited at least 40,000 people, but this did not translate to longer-term housing - less than a third (32%) of the 8,000 former rough sleepers who departed emergency accommodation in the six months to 30 September 2020 had been assisted into longer-term tenancies.³⁹

A lack of access to secure, affordable housing for people on low incomes creates acute financial stress, anxiety, and instability:

*The kids and I, we lived in 16 different addresses in 14 months. A lot of housesitting, staying with friends. All that sort of thing. (Lucy)*⁴⁰

While temporary accommodation plays a vital role in providing shelter for people in crisis, conditions can be difficult:

*You have to be out at ten in the morning and then you have to apply again at 4 o'clock that afternoon and hope you get a bed, and that's just brutal, brutal, a dreadful system, it's just so destructive on people's mental health. (Daniela)*⁴¹

³⁵ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

³⁶ Davidson, P., Bradbury, B., and Wong, M. (2020), op.cit.

³⁷ Pawson, H., Martin, C., Aminpour, F., Gibb, K., Foye, C. (2022), [COVID-19: Housing market impacts and housing policy responses – an international review](#) ACOSS/UNSW Sydney Poverty and Inequality Partnership Report No. 16, Sydney

³⁸ Anglicare Australia (2022), [Rental Affordability Snapshot, National Report / April 2022](#) Anglicare, ACT

³⁹ Pawson, H., Martin, C., Sisson, A., Thompson, S., Fitzpatrick, S. and Marsh, A. (2021), [COVID-19: Rental housing and homelessness impacts – an initial analysis](#) ACOSS/UNSW Poverty and Inequality Partnership Report No. 7, Sydney

⁴⁰ Naidoo, Y; valentine, k; and Adamson, E (2022), op.cit.

⁴¹ Naidoo, Y; valentine, k; and Adamson, E (2022), op.cit.

(c) Health outcomes

Our research has highlighted a clear relationship between poverty and poor health. Compared with the wealthiest people in Australia, those who are disadvantaged socio-economically:

- Are twice as likely to have a long-term health condition;
- Are twice as likely to suffer from chronic illnesses;
- Will die on average three years earlier;
- Are 2.1 times as likely to die of something that could have been avoided;
- Have a mortality rate 1.5 times as high;
- Have a disease burden 1.5 times as high;
- Are over 70% more likely to suicide.

These differences are even starker for certain groups:

- Aboriginal and Torres Strait Islander people have a life expectancy of around 8 years less than non-Indigenous people in Australia.
- People living outside a major city experience higher death rates. People in very remote areas have a death rate nearly 1.5 times as high as those in major cities.
- People with a disability are six times more likely than people without a disability to rate their health as poor or fair.
- People with a mental illness are likely to die between 14 and 23 years earlier than the general population.⁴²

Some people with high medical expenses cannot easily sustain both the impacts of illness and the paid employment required to pay those expenses:

If I didn't work, I didn't get paid, if I got sick and had to have a night off, or anything like that. And I was paying over a hundred dollars a month in medications, so it was getting very challenging to pay for the medications. (Derek)⁴³

Our 2021 report *Work, income and health inequity* found that, while there are clear links between health outcomes and socio-economic status over multiple indicators, a better framework for data – and better data – is needed in Australia to effectively measure and respond to health equity, and that broad-based policy-supported health equity metrics are required to gauge the complexity and relations between factors to tackle inequity in health.⁴⁴

⁴² ACOSS & cohealth (2019), [Poverty and Inequality make us sick](#) Infographic, Poverty and Inequality Partnership, Sydney

⁴³ Naidoo, Y; valentine, k; and Adamson, E (2022), op.cit.

⁴⁴ de Leeuw, E. et al (2021), op.cit.