

Poverty in Australia



The first in a series of 'Poverty and Inequality in Australia' reports
from the Australian Council of Social Service



Poverty in Australia: ACOSS Paper 194

First published in 2012 by the
Australian Council of Social Service

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Email: info@acoss.org.au
Website: www.acoss.org.au

ISSN: 1326 7124

ISBN: 978 0 85871 082 5

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It was prepared by Senior Policy Officer Peter Davidson with assistance from Penny Dorsch and Hannah Gissane. The research was commissioned from Peter Saunders, Bruce Bradbury and Melissa Wong from the Social Policy Research Centre at the University of NSW.

ACOSS would like to acknowledge the support of the Morawetz Social Justice Fund, Jobs Australia, Anglicare Australia, Society of St Vincent de Paul National Council, and The Salvation Army (Eastern and Southern Territories).

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Preface

Dr Cassandra Goldie, CEO, ACOSS

This is the first of a regular series of factual reports on Poverty and Inequality in Australia prepared by ACOSS in partnership with Anglicare Australia, St Vincent de Paul Society, and the Salvation Army.

Economic problems come to our attention because they are regularly measured and reported. Opinion leaders and policy makers pour over the data on gross domestic product and unemployment. The social implications are often overlooked because they aren't measured, and if they are, they aren't brought to public attention. Poverty and inequality are good examples of this.

People are concerned about extremes of inequality and poverty but have little information to go by. Most people think that income and wealth are distributed more equally than it is and have little idea who is living below the poverty line.

This report aims to fill some of the information gaps by measuring the extent of poverty in Australia and the people most effected. We hope it leads to informed discussion and policy action.



Dr David Morawetz, Director Social Justice Fund

Poverty is defined as the pronounced deprivation of well-being, or the inability to satisfy one's basic needs. In such a wealthy nation as ours, its existence is shameful and it reduces us all.

I would like to acknowledge the enormous contribution made by Australian charities and community welfare groups, who strive valiantly to rid us of the scourge of poverty, and who work so hard on a daily basis to make a difference in the lives of those less fortunate.

Your ongoing support and care for those less well-off reminds us all of our own humanity, and makes us all richer.

I particularly want to acknowledge the many years of courageous work by the Australian Council of Social Service as the peak body for this vital sector. For nearly 60 years ACOSS has led the charge, producing volumes of evidence-based research, lobbying governments of all political persuasion, and speaking out in public and in the media as the national voice of all people affected by poverty and inequality.

In Australia, we might not have the level of abject poverty that one sees in developing countries, and we have only a fraction of the world's 1.3 billion poor. But in a country as wealthy and as lucky as ours, it is a travesty that there are still so many people living in poverty. We can do better.

Addressing this issue is not just a matter for governments. Poverty is bad for our social relationships, and for our sense of community. It is bad for business. Most of all, it is bad for those who are experiencing it: for their sense of self-worth, for their physical well-being, and perhaps most importantly for their children, for our future generations. We all need to do something about it. This is the reason why I strongly support this timely report. It's a call to arms for all of us. It's time to act.



David Thompson, Jobs Australia

Jobs Australia, a long standing principal sponsor of Anti-Poverty Week, first published these poems (and many others just like them) in 2010 to bring home the meaning of poverty experienced by many Australians. A lack of money – as we can see from the poems – inspires not just shame, anxiety, and occasionally stoic resignation, but also a powerful sense that things could be different. The basic decencies of respectful encounters with institutions, which can cost nothing, matter a lot. And it is plain to see that people living in poverty have immense reserves of energy and drive to make a decent living for themselves, and a future for their children, if only they are given the right chances.



It is not them or us, they are us.

Missing

I haven't seen a film for 8-9 years. / It's \$12 – / I just can't. / I have no social life/unless it's free./I can't afford to go to a café / and drink coffee – / I just can't. / I tried putting \$3 a day into my budget. I felt a little more human, / existing within society... / I had to stop doing it,/I couldn't live anymore./Like being invited out to dinner / or a friend saying, / 'do you want to catch up for a meal?' I just can't, no. / I miss it. *Tracey*

Dole bludger

I'm desperate for money./ If there were any jobs.../ ...I'd be started at 9 o'clock this morning./ I have to tell everyone I'm a dole bludger and / I don't have any money./ Nobody wants to know a dole bludger. / My family thinks I'm still working./ I got sacked four years ago. / I didn't tell them I'm a dole bludger. / Mum would get upset,/ she wants my future to be secure. /To be able to tell my family that I've got a job..../ a proper job.... / Nobody wants to know a / dole bludger. *Bettina*

Dr John Falzon, CEO, St Vincent de Paul Society National Council

The truth told by those on the margins is louder than the lies told about them.

Our problem in Australia is not the "idleness of the poor." Our problem is inequality. This is a social question, not a question of behaviour. We do irreparable harm when we turn it into a question of individual behaviour, blaming people for their own poverty. It is a matter of deep shame for a wealthy nation like ours that our unemployment benefits, for example, have been kept deliberately low as a means of humiliating the very people they were originally designed to assist.

Charities like the St Vincent de Paul Society will always be there for the people who are waging a daily battle from below the poverty line, but the message we are hearing is that people do not want charity. They want justice. And we support them in this struggle for their rights.

We support helping people into the paid workforce. The time has come, however, to abandon the foolish notion that forcing them into deeper poverty improves their chances of employment. You don't build people up by putting them down. You don't help them get work by forcing them into poverty.



We stand with all who are trying to create a good society; a society that does not accept the scourge of rising inequality and exclusion from the essentials of life; a society that does not humiliate people. New passions are springing up. They point to glaring contradictions. They also offer the promise that another kind of society is possible, and can be created collectively under the guiding stars of struggle and hope.

Kasy Chambers, Executive Director Anglicare Australia

Anglicare Australia seeks to engage with all Australians to build communities of resilience, hope and justice. Underpinning that mission is our belief there is a place for everyone; and that everyone can participate and have a stake in our society.



But experience across the Anglicare network, working with almost 420,000 Australians, is that this is not the case. Poverty in modern Australia is a profoundly isolating experience. It traps people out of work, and limits their connection to others. It robs people of their stake in the wider world and the rest of us of their contribution.

We don't really know – nationally – who poverty affects. Anglicare Australia's annual rental housing snapshot this year found virtually no affordable private housing for people living on the lowest government payments right across Australia. But the situation for a family trying to live on a minimum wage was little better.

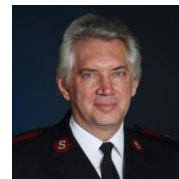
The impact of growing inequity in the paid work force – and the insecurity and poverty that comes with many short term jobs – is showing up at Anglicare services which deliver financial counselling, emergency relief and family support. We need to pay more attention to the shape of poverty in Australia, and its enduring nature.

This Poverty Report is important because it will give us robust, up to date and reliable information on the extent and depth of poverty in Australia. It will start to fill in the gaps between our international affluence and the economic and social adjustment that are reflected in the everyday work of Anglicare agencies in communities across Australia.

That is why Anglicare Australia – drawing on support from Anglicare Southern Queensland, Anglicare Victoria and Anglicare Diocese of Sydney – is so pleased to contribute this project. Australia needs the information and the insights that come with this and subsequent reports to steer the policies that allow all Australians, particularly the most vulnerable and disadvantaged, to play their part in our society.

Major Brad Halse, The Salvation Army

The Salvation Army in Australia provides hundreds of social programs through a huge network of support services, community centres and churches across the nation. The Salvation Army annually provides more than a million occasions of service. This includes more than 150,000 people provided with emergency relief, and more than 160,000 meals in any given year.



These numbers verify that for a large number of people in the community, poverty is a reality. They struggle to meet everyday expenses and financial commitments. Of significant concern is that these individuals also experience severe levels of deprivation (access to services and activities), which further compromises living standards and inclusion in the Australian community. Another concern is the disengagement of children due to costs associated with activities. More than half of adult respondents in a recent Salvation Army study reported being unable to afford to pay for out-of-school activities, and nearly 40% could not afford for their children to participate in school activities.

People are regularly going without items, services and activities that are essential for living and participating in community life.

Income poverty is just one aspect of broader disadvantage that organisations and charities, such as The Salvation Army, work with daily. People living in poverty are forced to make critical choices about their daily living circumstances, and miss out on opportunities and activities that most of the community would take for granted.

The Salvation Army urges the Federal Government to implement change now to help reduce poverty in this country. It is not enough to maintain the status quo.

1. Introduction

Despite 20 years of economic growth, many people in Australia do not have at least a decent basic standard of living.

One simple way to measure this that's widely used by Governments and expert bodies such as the OECD is the number of people living below a poverty line. This report uses two poverty lines, 50% of median household income (half of the 'middle' income for all households) and 60% of median income.

The lower of these poverty lines (which is used by the OECD) equates to a very austere living standard: a disposable income of less than \$358 per week for a single adult (higher for larger households to take account of their greater costs). This research also takes account of people's housing costs in measuring poverty.

New figures released in this report for 2010 show that one in eight people, including one in six children, were living at or below this poverty line.

People in poverty

In 2010:

- The poverty line (50% of median income) for a single adult was \$358 per week, for a couple with 2 children it was \$752.
- 2,265,000 people (12.8% of all people) were living below the poverty line, after taking account of their housing costs.
- 575,000 children (17.3% of all children) were living below the poverty line.
- 37% of people on social security payments lived below the poverty line including 52% of those on Newstart Allowance, 45% of those on Parenting Payment, 42% of those on Disability Support Pension, 24% of those on Carer Payment, and 14% of those on Age Pension
- 62% of people below the poverty line had social security as their main income and 29% had wages as their main income
- The level of poverty was 12.6% in capital cities compared to 13.1% outside capital cities

The proportion of people in poverty rose by approximately one third of a percent from 2003 to 2010.

2. Summary of findings: people living below the poverty line

The key finding is that in 2010, after taking account of housing costs, an estimated 2,265,000 people or 12.8% of all people, including 575,000 children (17.3% of all children), lived in households below the most austere poverty line widely used in international research. This is set at 50% of the median (middle) disposable income for all Australian households. In the case of a single adult, in 2010 this poverty line was \$358 per week. In the case of a couple with two children it was \$752 (Table 1). This is the main poverty line used in this report.

A less austere but still low poverty line, that is used to define poverty in Britain, Ireland and the European Union, is 60% of median income. In the case of a single adult, this poverty line in Australia was \$430 per week in 2010.

When this higher poverty line is used, 3,705,000 people, including 869,000 children, were found to be living in poverty. This represented 20.9% of all people and 26.1% of children. A major reason for the large increase in the number of people living below this income (compared with the lower poverty line) is that many households on social security payments have incomes (typically pension payments plus small amounts of private income) that lie in between the two poverty lines.

Table 1 shows the after-tax incomes which constitute poverty lines for different types of family.

Table 1: Comparison of 50% and 60% of Median Income Poverty Lines in 2009-10 (dollars per week, after tax and including social security payments)

Family Type	50% of median income	60% of median income
Lone person	\$358	\$430
Couple only	\$537	\$645
Lone parent with two children	\$573	\$688
Couple with two children	\$752	\$903

Note: For the purposes of this research, housing costs were deducted from these poverty lines.

Table 2 shows the key findings: the number and proportion of individuals living in households with incomes below these poverty lines in 2009-10, after an adjustment was made for their housing costs.

Table 2: Numbers and percentages of people living below the 50% and 60% of Median Income Poverty Lines in 2009-10

	50% of median income	60% of median income
Number of people below poverty line	2,265,000	3,705,000
Number of children below poverty line	575,000	869,000
Percentage of people below poverty line	12.8%	20.9%
Percentage of children below poverty line	17.3%	26.1%

Note: Individuals in households living below these poverty lines after deducting housing costs.

Table 3 shows the distinctly higher proportion of people living in poverty within the following at-risk groups compared to the national averages of 12.8% (50% poverty line) and 20.9% (60% poverty line): unemployed people, single people over 65 years, people in households mainly reliant on social security, lone parent families, and single people of working age without children. For example, 63.3% of people in unemployed households were living below to 50% poverty line and 73.2% lived below the 60% poverty line.

Table 3: Groups at high risk of poverty: proportions living below Poverty Lines in 2009-10 (%)

At risk group	50% of median income	60% of median income
Unemployed households	63.3	73.2
Single adults over 65 years	23.6	55.8
Households whose main income is social security	36.5	61.3
Lone parent families	25.0	36.4
Single adults (without children) of workforce age	26.4	32.6
All people	12.8	20.9

How poverty is measured in this report

A key internationally accepted tool to measure disadvantage in wealthy countries is to work out the proportion of the population living below a poverty line. Poverty lines are usually based on the disposable (after tax) income of households.

In Australian and international poverty research, the poverty line for a single adult is usually calculated as a proportion of the disposable income of a 'middle income' (median) household – in this case 50% and 60%. There are different poverty lines to take account of the number of adults and children in a household. The research used in this report takes into account people's housing costs as well as their incomes. This makes a difference because people who have low housing costs (such as those who own their homes outright) are able to achieve a higher standard of living on the same income than those with higher housing costs (for example, tenants and mortgagors). The research takes housing costs into account by deducting housing costs (rent, mortgage payments and rates) from income before calculating the median income on which the poverty lines are based (which reduces the poverty lines) and deducting each household's housing costs from their income (which reduces household incomes). In this way, it compares different households' ability to meet their basic living costs apart from housing¹.

This research was conducted for us by Social Policy Research Centre at the University of New South Wales². The data source is the Australian Bureau of Statistics (ABS) Income and Expenditure surveys for 2009-10 and previous years³.

Poverty lines provide one indicator of low income and disadvantage. Other commonly used indicators of hardship include whether people can afford essentials such as access to dental care when needed and financial stress⁴.

Ultimately, the experience of living on a low income is a personal one that can best be expressed through people's lived experience. Personal stories show that people in poverty are not all the same. They come from diverse backgrounds and there are many different reasons for poverty. Some come from disadvantaged backgrounds, some have long term illnesses or disabilities, others were once well off but a family crisis or illness changed their lives for the worse. One thing that unites people who do not have access to a decent standard of living is that they aspire to a 'normal' life where income is secure, they are respected and have a place in society.

¹ Households reporting zero or negative incomes and self-employed households were excluded from the sample due to uncertainty about the accuracy of their incomes as measured in the survey.

² A detailed report of the methodology will be posted at www.acoss.org.au

³ Regrettably, these surveys do not include information that would allow an opportunity to identify poverty among Aboriginal and Torres Strait Islander peoples.

⁴ For more information on 'deprivation based' measures of financial hardship, see ACOSS (2011), 'Missing out' at www.acoss.org.au/publications

3. The risk and profile of poverty

This report looks beyond the overall numbers to identify the groups affected by poverty, and where they live. We do this in two ways.

First, we show the *risk* of poverty faced by different groups (such as different types of family): for example, the proportion of individuals in lone parent families who live below the poverty line.

Second, we *profile* the population of people living below poverty lines: for example, the proportion of people living below poverty lines who are in lone parent families.

Looking at poverty from these two perspectives yields different results. For example, the risk of poverty within lone parent families is higher than among couples with children. But because there are more couples with children than lone parent families, a higher proportion of people below poverty lines come from partnered families.

Table 4 sheds light on the factors which contribute to a person's *risk* of living in poverty. For example, 25% of individuals living in lone parent families were living below the 50% of median income poverty line and 36.4% were living below the higher 60% of median income poverty line.

Table 4: Risk of poverty - proportion of people from different groups living below poverty lines in 2009-10 (%)

By gender	50% of median income	60% of median income
Female	13.5	22.2
Male	12.1	19.5
By age		
Under 15	17.3	26.1
15 - 25	12.0	16.6
25-64	11.3	16.4
Over 64	13.2	34.9
By family type		
Single, no children	25.3	41.5
Lone parent	25.0	36.4
Couple, no children	8.4	18.5
Couple, children	9.0	14.0
By country of birth		

Australia	10.6	18.2
Main English speaking country ⁵	11.7	19.6
Other country	15.8	25.0
All (Aged 15 and above only) ⁶	11.7	19.7
By labour force status⁷		
Employed (full time)	3.8	7.1
Employed (part time)	17.2	24.6
Unemployed	63.3	73.2
Not in the labour force (over 64)	14.0	36.1
Not in the labour force (other)	43.7	59.2
By main income source⁸		
Social security payment	36.5	61.3
Wages	5.2	8.8
Other ⁹	16.2	18.8
All people		
	12.8	20.9

Table 5 describes the *profile* of people living below the two poverty lines, for example the number and proportion of all people in poverty who come from lone parent and married couple families with children. For example in 2010, 25.3% of all individuals below the 50% poverty line and 22.5% of all individuals below the 60% poverty line, were in lone parent households.

⁵ 'Main English speaking country' refers to New Zealand, United Kingdom, Ireland, Canada, the United States, and South Africa.

⁶ Data on country of birth is only available for adults, so these poverty risks are comparable with that for all adults, not the overall poverty rate (including children). If children were included, average poverty rates would be higher.

⁷ Refers to household reference person.

⁸ Refers to all household members.

⁹ For example, investment income.

Table 5: Profile of people living below poverty lines in 2009-10 (%)

By gender	50% of median income (number)	50% of median income (%)	60% of median income (number)	60% of median income (%)
Female	1,217,600	53.8	2,007,100	54.2
Male	1,047,000	46.2	1,697,600	45.8
All people	2,265,000	100	3,705,000	100
By age				
Under 15	575,000	25.4	870,000	23.5
15-25	296,000	13.1	410,000	11.1
25-64	1,060,000	46.8	154,000	41.6
Over 64	334,000	14.7	884,000	23.9
All people	2,265,000	100	3,705,000	100
By family type¹⁰				
Single, no children	476,000	21.0	780,000	21.1
Lone parent	572,500	25.3	835,300	22.5
Couple, no children	346,600	15.3	760,600	20.5
Couple, children	749,300	33.1	1,168,100	31.5
All people	2,265,000	100	3,705,000	100
By country of birth				
Australia	1,070,000	63.3	1,834,000	64.7
Main English speaking country	177,000	10.5	297,000	10.5
Other country	443,000	26.2	703,000	24.8
All people 15 years and above ¹¹	1,690,000	100	2,836,000	100

¹⁰ Numbers do not add up to 100% as some families do not fall into these categories.

¹¹ Data on country of birth is only available for adults.

By labour force status¹²				
Employed (full time)	401,000	17.7	760,000	20.5
Employed (part time)	349,000	15.4	500,000	13.5
Unemployed	189,000	8.4	219,000	5.9
Not in labour force (retired)	354,000	15.6	910,000	24.6
Not in labour force (other)	971,000	42.9	1,315,000	35.5
All people	2,265,000	100	3,705,000	100
By main income source¹³				
Social security payment	1,410,000	62.2	2,367,000	63.9
Wages	665,000	29.4	1,117,000	30.2
Other	190,000	8.4	221,000	6.0
All people	2,265,000	100	3,705,000	100

The following sections of the report break down the same information according to people's main income source, age, family type, labour force status, and location. Aside from the information on poverty by location and among people on social security payments, the figures used are from tables 4 and 5 above.

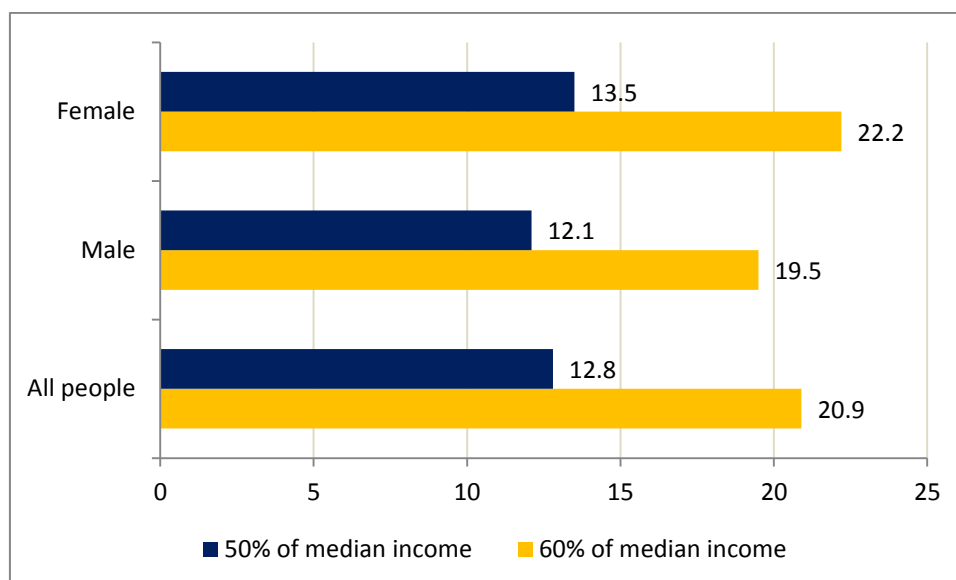
¹² Refers to household reference person.

¹³ Of the household in which people live

4. Gender



Risk of Poverty by Gender

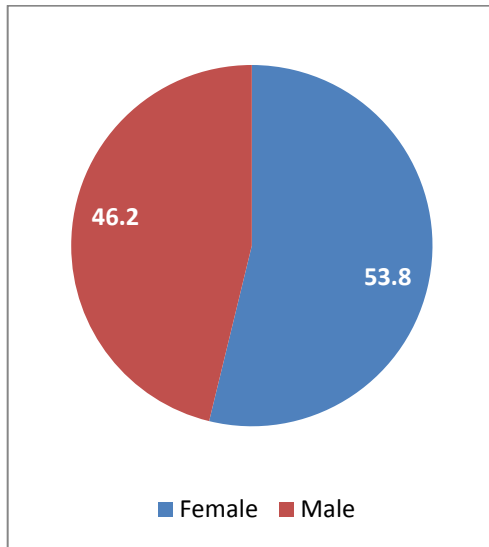


The 'risk of poverty' graph shows that women (including female children) face a significantly higher risk of poverty than men (13.5% compared to 12.1% using the 50% poverty line). This reflects women's lower employment opportunities and wages, the greater likelihood that they are engaged in unpaid caring roles, and their lower investment incomes in retirement¹⁴.

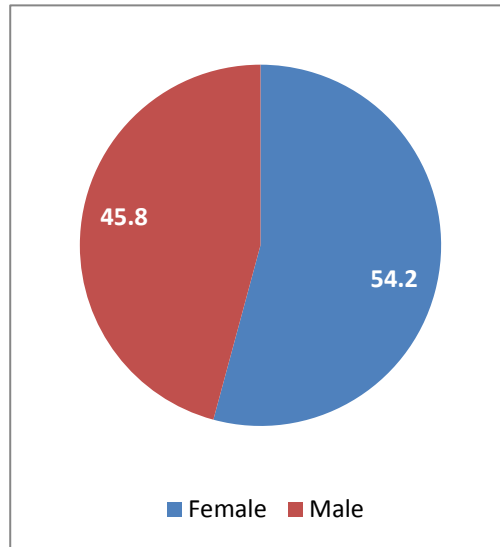
¹⁴ Rebecca Cassells, Riyana Miranti, Binod Nepal, Robert Tanton (2009): She works hard for the money: Australian women and the gender divide. National Centre for Social and Economic Modelling (NATSEM), Canberra. Available: <http://apo.org.au/node/3880>

Profile of Poverty by Gender (%)

50% of median income poverty line



60% of median income poverty line

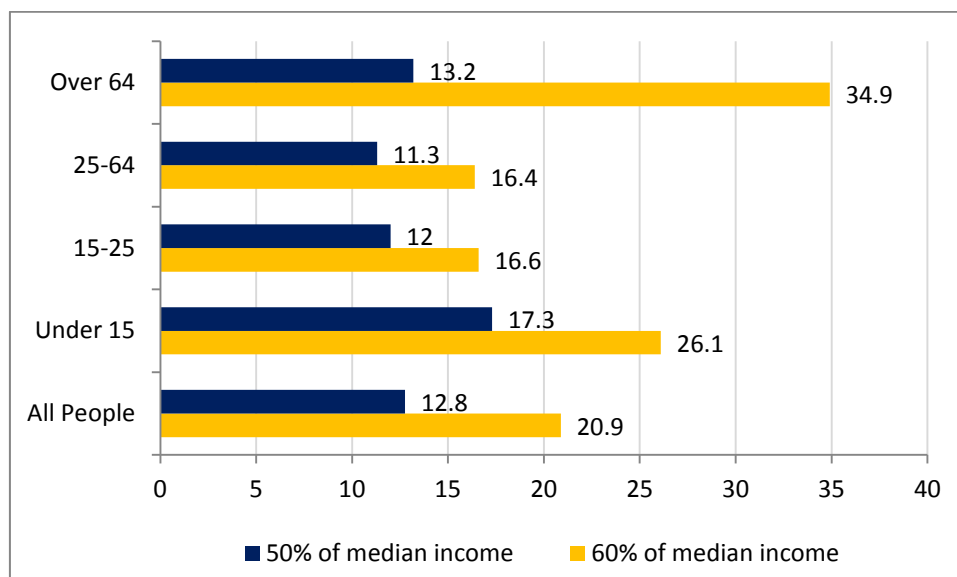


The 'profile' of poverty graphs shows that (in the case of the 50% poverty line) 53.8% of people living in households below the poverty line are female whereas 46.2% are male.

5. Age



Risk of Poverty by Age



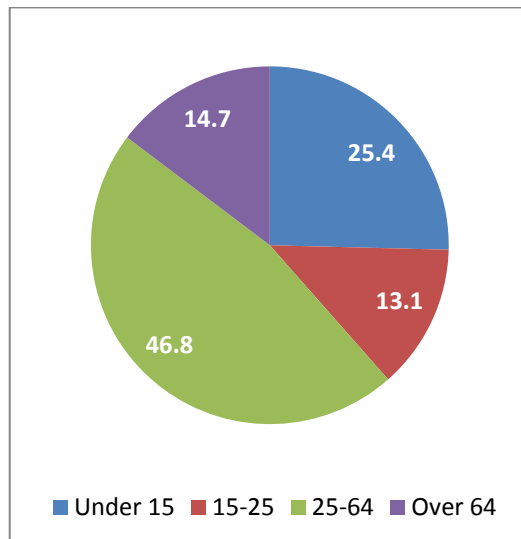
The 'risk of poverty' graph demonstrates the role that age plays in vulnerability to poverty. Children and older people face the highest risk (17.3% and 13.2% respectively below the 50% poverty line). The high poverty risk among children reflects the higher costs facing families with children, which parents who are not in paid work or on a low wage often struggle to meet.

For older people, the risk of living below the 50% poverty line has decreased since the age pension increase in 2009 (see section below on poverty among social security payment recipients). However, we can see that over a third of people over 64 still live below the 60% poverty line. Home ownership provides significant protection against

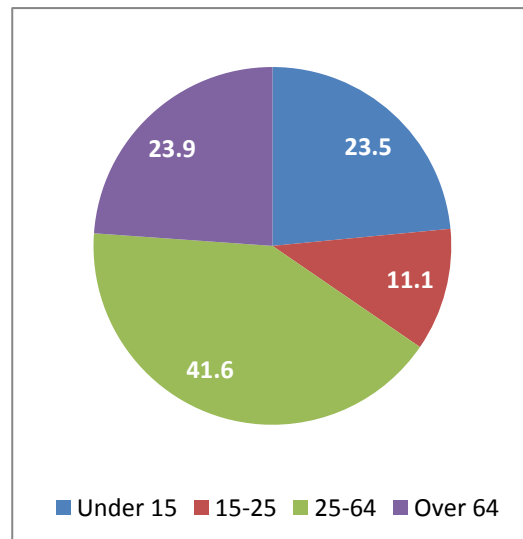
poverty for many older people (and the lower housing costs that result are taken into account in this research) but the minority who rent face a higher poverty risk¹⁵.

Profile of Poverty by Age (%)

50% of median income poverty line



60% of median income poverty line



The largest group of people living below poverty lines is middle aged (25 to 64 years) despite their lower risk of poverty. This reflects the fact that there are more people overall in the middle-age group than there are in the younger or older age groups.

Mary – Age Pension

Mary is a 78 year old pensioner who lives in Perth. Due to the cost of high rent and utility prices life has become a battle for survival. During winter Mary would turn her heating on for only one hour a day. She would spend much of the day in bed to keep warm. Her food budget each week is \$40. This is a diet of baked beans, bread, and small amount of fruit, and vegetables. Once a month she buys a small piece of chicken. Once a week she eats a hot meal provided at a local church.

Mary considers herself lucky as at least she has a roof over her head.

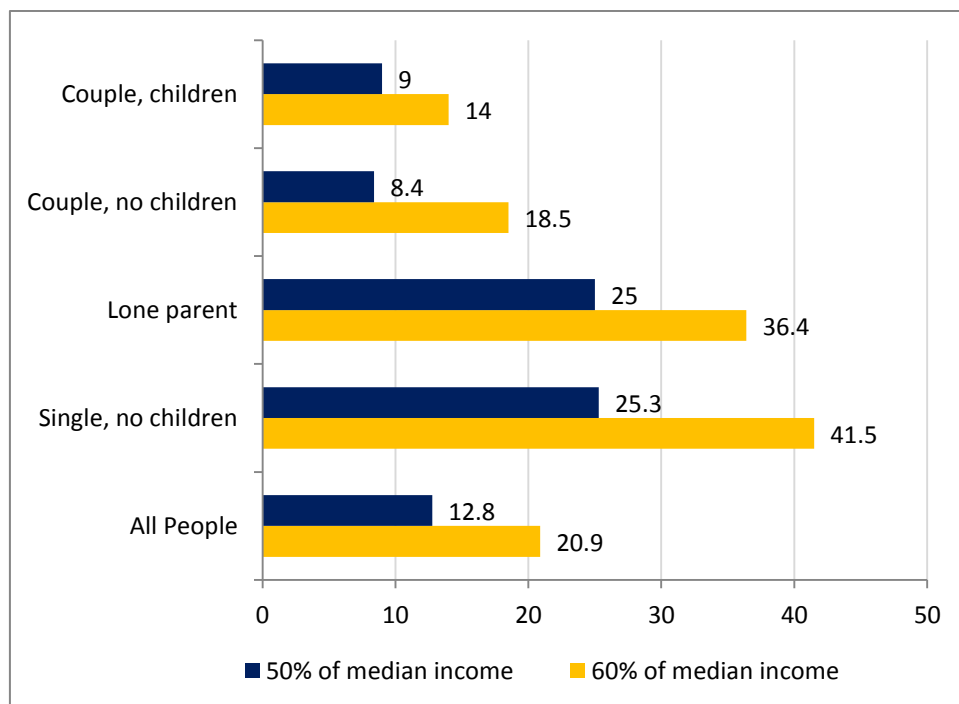
The high number of children living below the 50% poverty line (575,000 children, from Table 5, or more than a quarter of all people living below that poverty line) is of great concern.

¹⁵ Seelig et al: (2008): Housing consumption patterns & earnings behaviour of people receiving income support recipients over time, AHURI Final Report No 119. Australian Housing and Urban Research Institute, Queensland. Available: http://www.ahuri.edu.au/publications/download/20257_fr

6. Family Type



Risk of Poverty by Family Type



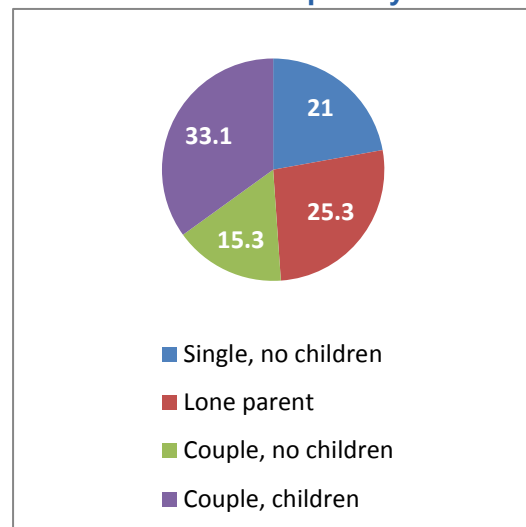
The 'risk of poverty' graph shows the elevated risk of poverty faced by lone parents and their children (25% of whom live below the 50% poverty line). This is due partly to lower levels of employment among lone parents (especially those caring for young

children on their own) and partly to the levels of social security payments for these families¹⁶.

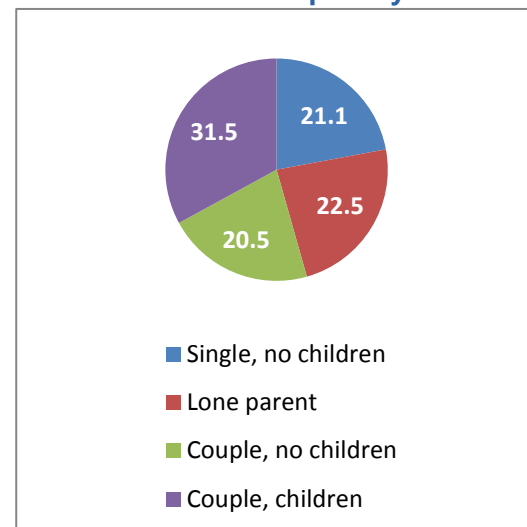
Single people with and without children generally face a higher risk of poverty than couples (25.3% and 25% compared with 8.4% and 9%), reflecting in part the economies of scale (for example, sharing housing costs and other bills) available to people living with partners.

Profile of Poverty by Family Type (%)

50% of median income poverty line



60% of median income poverty line



The pie charts showing the profile of poverty by family type indicate that the overall population of people living below poverty lines is almost equally divided between singles and couples (46.3% of the total compared with 48.4% for the 50% poverty line). Although the risk of poverty is much higher for singles, there is a higher number of people overall living in partnered families in Australia.

Nevertheless, these data suggest that almost half of all children living in poverty are in lone parent families.

¹⁶ Peter Whiteford and Willem Adema (2007): What Works Best in Reducing Child Poverty: A Benefit or Work Strategy? OECD, France. Available: <http://www.oecd.org/dataoecd/30/44/38227981.pdf>

Cherie – single parent

I am a single mum who has been raising an eight year old son singlehandedly for the past five years. In short it hasn't been easy. Trying to provide the basics for my child, whilst playing the role of two parents, juggling part time wage, and being the main care giver has got to be the toughest job in the world.

I'm doing my best and fight back against the persistent thoughts that it's not good enough. The weekly battle to pay rent, ongoing bills, and basic living expenses is enough stress for anyone receiving low income, let alone when you've got a child who's totally dependent on you for their well- being.

I have had to swallow my pride at times and turn to family and charities for that extra bit of help when a big bill comes in or an emergency comes up, to prevent from being chucked out in the streets. Still I feel so lucky that I am alive and have a healthy, beautiful son that I will watch grow into an adult, who despite the struggles will one day give back to our community for the support he is now being afforded.

Below the minimum wage*

Centrelink is less than the minimum wage.

I'm raising a child,

supporting two people –

how can that possibly be enough?

Permanently below the poverty level.

What sort of logic...?

I'm expected to do this for

16 years.

I live on very little.

My food budget has disappeared,

my son's health is affected.

Cheap food,

carbohydrates,

you get fat.

No vegetables in nearly

3 weeks.

No haircut in

6 months.

A haircut means

no money for food.

Next month...

I might have enough

to buy decent amounts of food.

I don't know...

I live on very little.

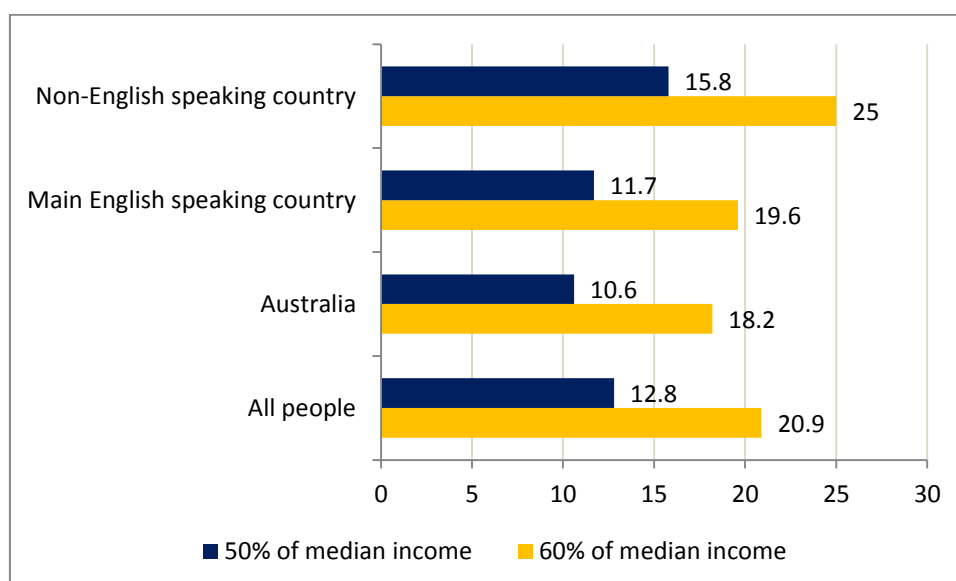
Louise

* Kate Connelly (2010): What body part do I need to sell?
Jobs Australia

7. Country of birth



Risk of Poverty by Country of Birth

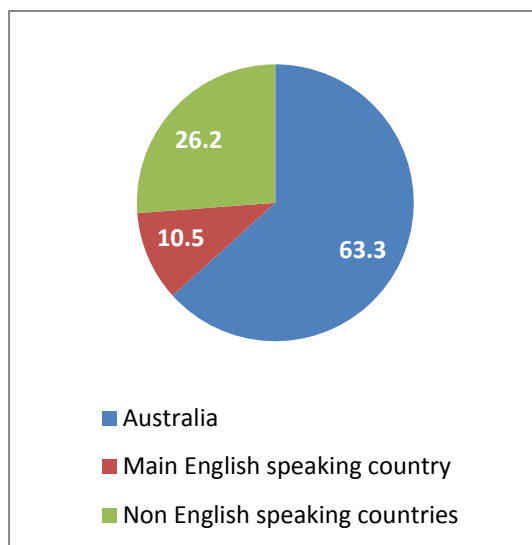


Note: 'Main English speaking country' refers to New Zealand, United Kingdom, Ireland, Canada, the United States, and South Africa.

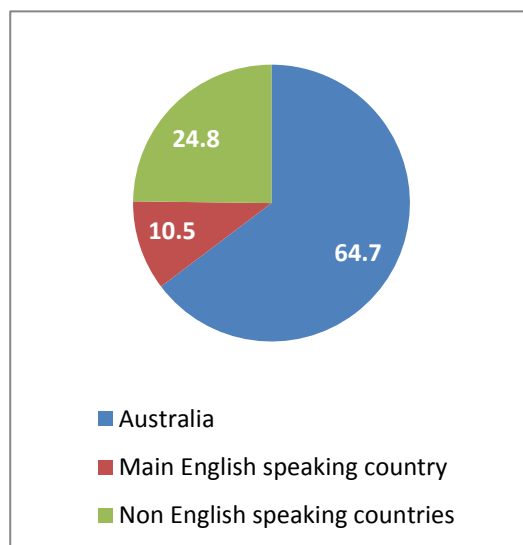
The 'risk of poverty' graph shows that adults born in countries where English is not the main language faced a much higher risk of poverty (15.8% using the 50% poverty line) than those born in Australia (10.6%), or in an English speaking country (11.7%)¹⁷. This is likely to reflect the difficulties that migrants from non-English speaking countries face in securing well paid employment in Australia which include (in many, though not all cases) language barriers, limited skills that are recognised in Australia, and discrimination¹⁸.

Profile of Poverty by Country of birth (%)

50% of median income poverty line



60% of median income poverty line



The 'profile of poverty' graph shows that 26.2% of adults living in households below the 50% poverty line are from a non English-speaking country.

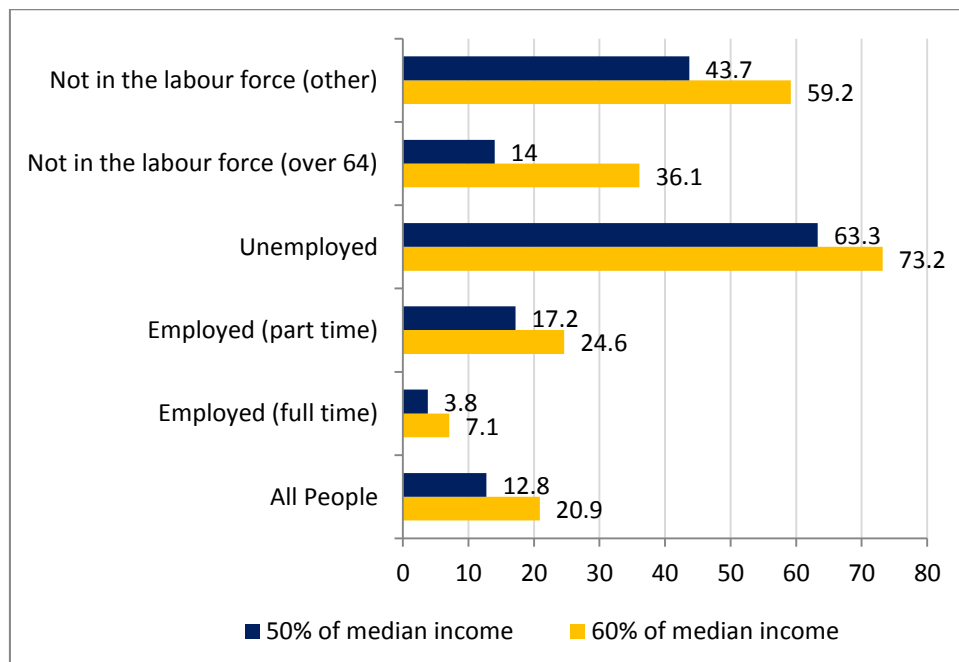
¹⁷ Data on country of birth is only available for adults. Note that overall poverty risks for adults are lower than those for children, so if children were included in these data the poverty risks shown here would be higher.

¹⁸ Department of Immigration and Citizenship (2010): How new migrants fare: Analysis of the Continuous Survey of Australia's Migrants. Australian Government, Canberra. Available: <http://www.immi.gov.au/media/publications/research/pdf/csam-results-2010.pdf>

8. Labour force status



Risk of Poverty by Labour Market Status (%)



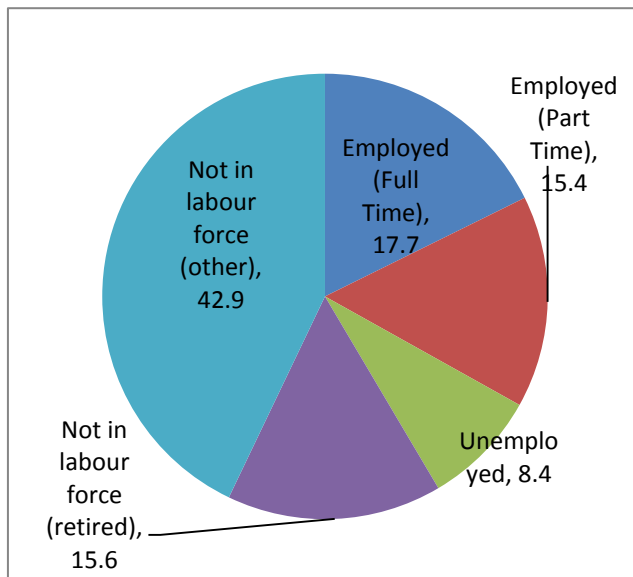
The graph on risk of poverty shows that unemployed people face a far higher risk of poverty (63.3% below the 50% poverty line) than those who are employed or out of the labour force. This partly reflects the level of the Newstart Allowance for unemployed people (discussed later) which is less than half the disposable income of a person on a fulltime minimum wage.

The risk of poverty among people of working age outside the paid labour force (43.7%) is also relatively high. Many of these people have disabilities or caring roles and are reliant on social security payments such as Disability Support Pension, Parenting Payment and Carer Payment.

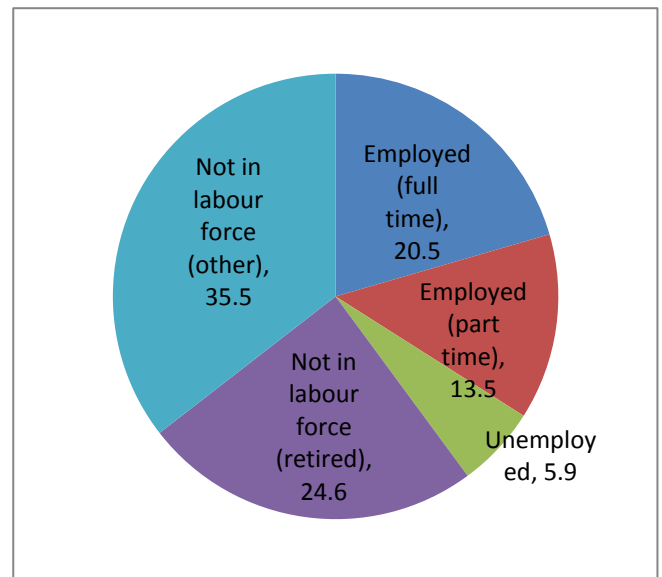
The risk of poverty (14%) among older people not in the labour force, who are mostly retired, sits in between that of people with paid work and unemployed people. This reflects the higher rate of Age Pension compared to Newstart Allowance, the increasing number of people retiring with at least some superannuation, and the lower housing costs of those who own their homes outright.

Profile of Poverty by Labour Market Status (%)

50% of median income poverty line



60% of median income poverty line



Case Study – Jacqui, Contract Cleaner

Jacqui is a contract cleaner from QLD who earns around \$500 per week for 26 hours work. She has two teenage children. They live in a rented house along with Jacqui's niece who helps pay the \$420 per week rent.

Jacqui says: 'the money I get doesn't half way cut it. I can only work the hours I do because I have to be there for my son' (who has disabilities).

'I buy the cheapest brands,' she said. 'We sometimes have mince and chicken but not steak it's too expensive. So is petrol. I need a car though because of work. It would take me three hours to get to my job on two buses.'

Jacqui doesn't have a home phone or internet at home because of the line rental charge and has a \$30 a month cap on her mobile phone. 'I sometimes can't even pay the \$35 for each module of my sons TAFE course,' said Jacqui.

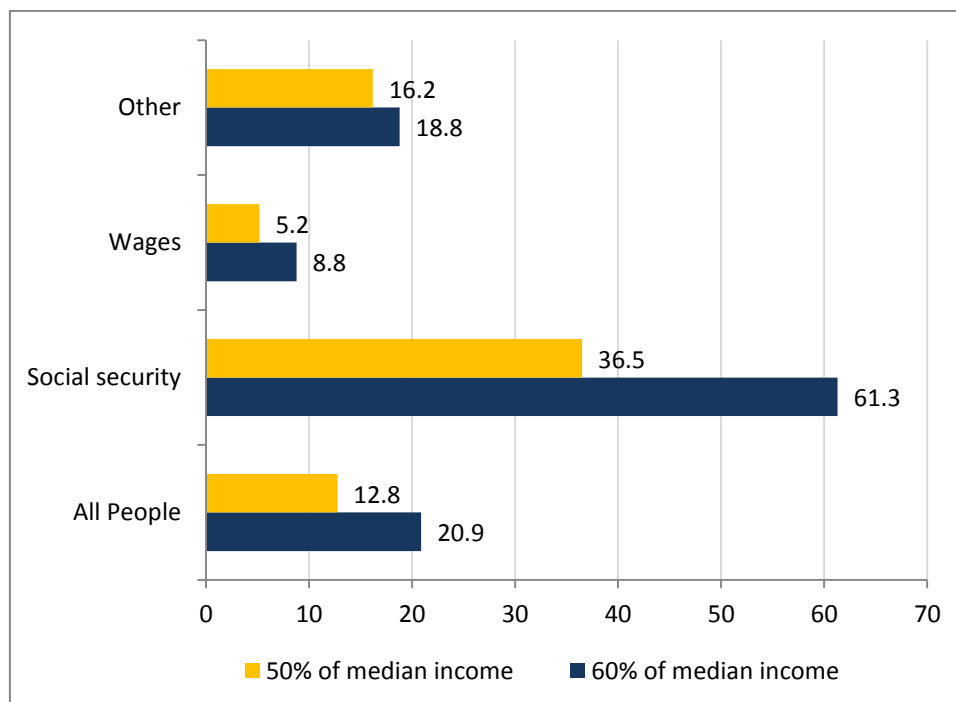
The 'profile' of poverty charts paint a different picture. Although workers in paid employment face a lower risk of poverty, they form one third (33.1%) of all people below the 50% poverty line. The reason for this is that there are more employees than unemployed people overall. Almost half of employed people living below the 50% poverty line (15.4% out of 33.1%) have part time jobs only.

Since the minimum fulltime wage is above the 50% poverty line for a single adult, it is likely that most employed workers living below that poverty line are either employed part time or are supporting dependent children on a low wage.

9. Main income source



Risk of Poverty by Main Income Source (%)



The striking feature of the 'risk of poverty' graph is that the risk of poverty is much greater among those whose main household income source is social security payments (36.5% compared with 12.8% overall). This reflects the fact that many of these payments sit below the poverty lines (especially the higher 60% poverty line, see Table 8 below). This means that households mainly reliant on those payments are

likely to be living below the poverty line unless they have other sources of income such as part time earnings or superannuation.

Ahmed, Newstart Recipient

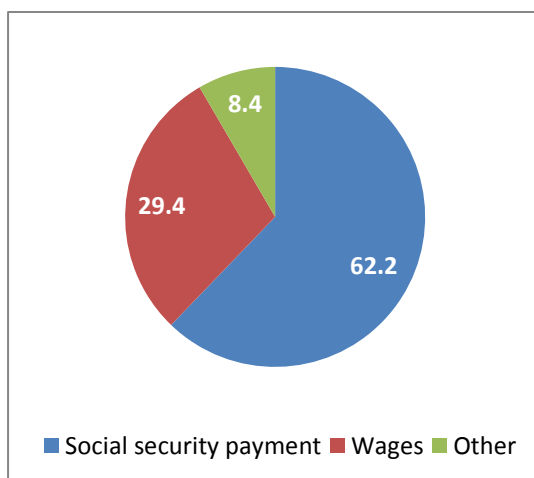
28 year old Ahmed has been on different income support payments since 2005, including four years on Youth Allowance while undertaking a science degree which he completed in late 2011. Ahmed was able to top up his Youth Allowance with 20 hours a week paid work as a security guard.

Since completing his degree in a specialist research area, he has struggled to find a job and does unpaid voluntary work at two different research institutions in the hope that some paid work will come his way.

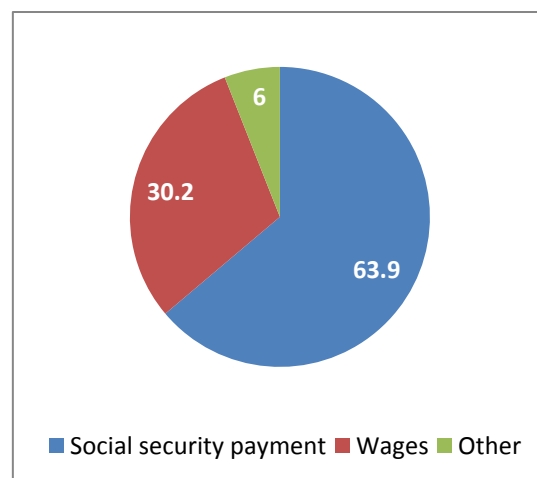
In the meantime he is left to survive on Newstart Allowance, which is barely covering his rent and basic living expenses. Recently he moved in with his partner who only last week gave birth to their first child. He is hopeful that life will get better.

Profile of Poverty by Main Income Source (%)

50% of median income poverty line



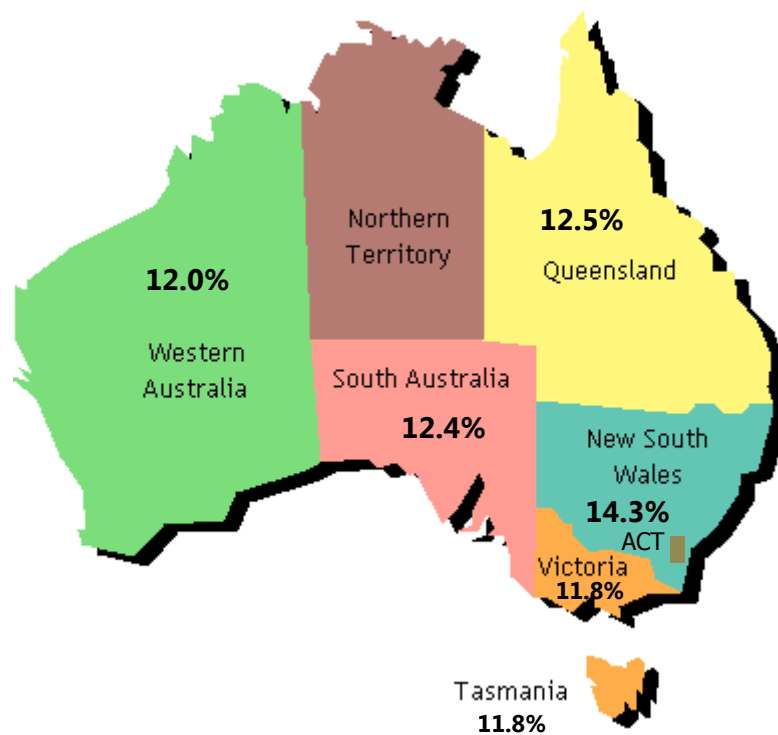
60% of median income poverty line



The pie charts indicate that the majority of people living in poverty (62.2% based on the 50% poverty line) rely on a social security payment, but a sizeable minority have wages as their main income source (29.4%). As discussed previously, this is due to the higher number of wage-earning households overall. It is likely that most of these people live in households where people receive part time earnings only, or are raising children on a low wage.

10. Location

This map illustrates the risk of poverty within each State



Note: Data is not available separately for the ACT or NT due to small sample sizes in the ABS survey

Table 6 shows how the risk of poverty varies between States, and between people living in capital cities within each State and the rest of the State. It also shows the extent to which the risk of poverty is greater outside capital cities.

Table 6: Risk of poverty - proportions of people below poverty lines by State in 2009-10 using the 50% and 60% of median income poverty lines (%)

50% of median	Capital city	Balance of State	Difference (non metro – metro)	All
New South Wales	15.2	12.7	-2.5	14.3
Victoria	11.4	12.9	1.5	11.8
Queensland	9.5	15.0	5.4	12.5
South Australia	11.8	14.1	2.3	12.4
Western Australia	12.4	10.6	-1.8	12.0
Tasmania	13.1	14.2	1.1	13.7
Total	12.6	13.1	0.5	12.8

60% of median	Capital city	Balance of State	Difference (non metro – metro)	All
New South Wales	21.6	22.2	0.6	21.8
Victoria	19.6	23.8	4.2	20.7
Queensland	16.4	25.4	9.0	21.3
South Australia	20.3	27.6	7.3	22.2
Western Australia	18.2	17.8	-0.4	18.1
Tasmania	21.7	25.8	4.1	24.0
Total	19.7	22.8	3.1	20.9

Note: Data not available separately for the ACT or NT due to small sample sizes in the ABS survey.

The overall risk of poverty is higher (based on the 50% poverty line) in New South Wales and Tasmania than in the other States. This may reflect a combination of weaker employment opportunities, high housing costs, and/or the different age profiles of different States. For example, although average rents are lower in Tasmania than in most other States, it has relatively high unemployment and a high proportion of older people.

The risk of poverty is greater outside capital cities (especially in Queensland), in part due to higher unemployment in regional Australia. The exceptions are New South Wales and Western Australia, where very high housing costs in the capital cities have increased the risk of poverty (when those costs are taken into account, as they are in this research).

Table 7: Profile of the population below poverty lines in 2009-10 by State/Territory

State/Territory	50% of median income		60% of median income	
	Number	%	Number	%
New South Wales	835,000	36.9	1,276,700	34.5
Victoria	526,700	23.3	925,600	25.0
Queensland	430,900	19.0	735,500	19.9
South Australia	165,200	7.3	295,900	8.0
Western Australia	211,300	9.3	319,500	8.6
Tasmania	56,000	2.5	97,900	2.6
ACT/NT	38,800	1.7	53,500	1.4
All people	2,264,600	100	3,704,700	100

11. Poverty among people on social security payments



Table 8 compares the maximum rates of major social security payments with the poverty lines. It indicates how far above or below poverty lines people relying fully on these payments (those with no other source of income) lie¹⁹.

It shows that Newstart Allowance for single adults was \$74 per week (21%) below the 50% of median income poverty line. Youth Allowance for independent young people was \$172 per week (48%) below the poverty line. The difference between these payments and the poverty line is \$56 per week greater in cases where households are not eligible for Rent Assistance.

Following a \$32 per week pension increase (above inflation) in September 2009, the single pension rate was closer to, but still \$22 per week (6%) below, the 50% poverty line. A study by NATSEM estimated at the time that an increase of that size would reduce the risk of poverty among single age pensioners by around 10 percentage points²⁰. For those receiving Rent Assistance, it was \$34 per week above the 50% line but \$38 below the 60% line.

Marjorie's story

Earlier this year, Marjorie was informed by Centrelink that they were taking away her wife's pension 14 weeks (bereavement payment) after her husband's passing after being his principle carer for 13 years of his illness. Because she is 63 years old she is not entitled to the Age pension and has been forced to live on much less on the Widows Allowance payment of \$486 per fortnight.

Marjorie said: *'This news was devastating, especially soon after such a big loss in my life. If it wasn't for the loving support and help of my children I simply don't know how I could survive on so little money.'*

¹⁹ Note that the maximum social security payment rates include Family Tax Benefits (for families with children) and Rent Assistance (RA) in some cases (see Table 8).

Payments for a lone parent family with two primary school age children on the Parenting Payment Single payment (including Family Tax Benefits) were \$17 per week (3%) below the 50% poverty line (\$83 for those not receiving Rent Assistance). The income of those lone parent families on the lower Newstart Allowance was \$57 per week or 10% below that poverty line (\$123 for those not receiving Rent Assistance).

Similarly, social security payments for couples were generally below the 50% line, though closer to it in proportional terms. Newstart Allowance for a couple without children was \$73 per week (14%) below the 50% poverty line, and (together with Family Tax Benefits) it was \$95 below (13%) below that poverty line for those with 2 children. The pension rate for a couple without children was \$30 (6%) below the 50% poverty line (\$22 above it for those receiving Rent Assistance).

Table 8: Comparison of selected social security payments and poverty lines in 2009-10 (dollars per week)

	Maximum rates of payment	50% of median income	60% of median income
Newstart Allowance			
Single, no children	\$284	\$358	\$430
Single, 2 children	\$516	\$573	\$688
Couple, no children	\$464	\$537	\$645
Couple, 2 children	\$657	\$752	\$903
Youth Allowance			
Single, no children	\$186	\$358	\$430
Parenting Payment Single			
Single, 2 children	\$556	\$573	\$688
Pension payments			
Single, no children	\$336	\$358	\$430
Couple, no children	\$507	\$537	\$645

Note: Payment rates at December quarter 2009, including maximum rate of Rent Assistance (RA) and Family Tax Benefits (FTB) where appropriate. RA is included for Allowance and Parenting Payment recipients, but not for pensioners as the vast majority are home owners. The maximum rates of RA were \$56 for singles, \$52 for couples and \$66 for the families with children. Many households on Allowance payments do not receive RA, and their payments were lower than indicated here. Conversely, a minority

²⁰Robert Tanton, Yogi Vidyattama, Justine McNamara, Quoc Ngu Vu and Ann Harding (2009): Old, single and poor: using microsimulation and microdata to analyse poverty and the impact of policy change among older Australians. *Economic Papers: A journal of applied economics and policy*, vol. 28 no. 2, pages 102 - 120.

of pensioners receive RA, in which case their payments were higher than indicated. The Youth Allowance rate is for a young person 18 to 24 years living away from home. All children are aged 6-11 years. Some lone parents receive the higher Parenting Payment Single payment while others receive the lower Newstart Allowance payment. Pension payments include Age, Disability, and Carer pensions.

Table 9 compares the risk of poverty among recipients of different income support payments. Just over half (52.2%) of people in households where the 'reference person' receives Newstart Allowance (for unemployed people) are in households with incomes below the 50% poverty line. This reflects the low level of that payment (as shown in Table 8) and the fact that only about one in five recipients has earnings from employment. Also, an above-average proportion of Newstart recipients rent their accommodation and therefore face high housing costs²¹.

Almost half (44.7%) of people in households with Parenting Payment (most of whom are lone parents) are below the poverty line. This group is also more likely than the average household to rent their housing, and around one in three has earnings from employment. Along with Newstart recipients, people on Parenting Payment did not receive the September 2009 pension increase so their maximum rate of payment is significantly lower than other pensions.

A slightly lower proportion (41.2%) of people in households with Disability Support Pension were below the poverty line. While this group benefited from the 2009 pension increase, only about in ten has part-time earnings.

Age pensioners had a lower risk of poverty (13.8%) than recipients of the other payments listed in table 9, which reflects lower housing costs (for the majority who own their homes outright), the pension increase in 2009, and income from superannuation and other investments.

The risk of poverty among people in households with Carer Payment (24.1%) sits between that for Age Pensioners and the other payments. Carer Payment recipients are unlikely to have paid employment because they are caring fulltime for a relative with a disability, though they have a higher level of home ownership than recipients of the other working-age payments.

In all cases, over one third of people in households with these social security payments had incomes below the higher 60% poverty line. This reflects the fact that the maximum rate of their social security payments sat below that poverty line, as shown in Table 8.

²¹ FaHCSIA (2012): Income support customers: a statistical overview 2011. Statistical Paper no. 10. Department of Families and Housing, Community Services and Indigenous Affairs, Canberra. Available: http://www.fahcsia.gov.au/sites/default/files/documents/07_2012/stps10.pdf

Table 9: Risk of poverty - proportions of people in households receiving social security payments living below the 50% and 60% of Median Income Poverty Lines in 2010 (%)

	Below 50% of median income	Below 60% of median income
Newstart Allowance	52.2	64.8
Parenting Payment	44.7	63.8
Carer Payment	24.1	34.1
Disability Support Pension	41.5	65.9
Age Pension	13.8	38.1

Note: People living in households where the reference person receives one of these payments and the household's income is below the poverty line.

The information in table 9 on the risk of poverty among people on major social security payments is illustrated in the graph below.

Risk of poverty among people in households receiving social security payments (%)

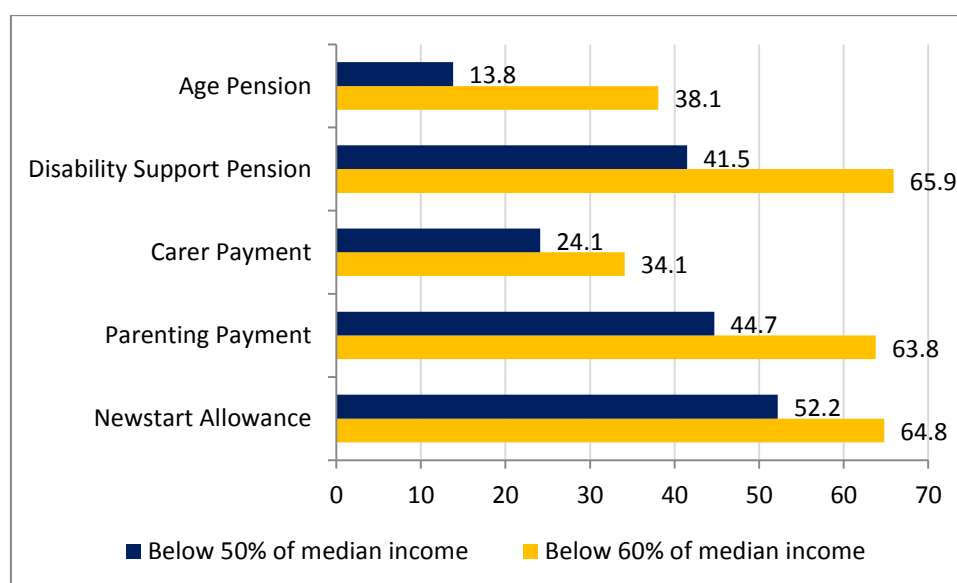


Table 10 compares the 'poverty gaps' for recipients of major payments. The poverty gap is a measure of how far below the poverty line the incomes of those people living in poverty are. It is the average gap between the income of households that live below the poverty line and the poverty line. A large poverty gap indicates that most of those who are in poverty are likely to be living a long way below the poverty line.

Table 10: Average 'poverty gap' between the income of those below poverty lines and the relevant poverty line in 2005-06 and 2009-10 (dollars per week)

	Below 50% of median income (\$ per week)	Below 60% of median income (\$ per week)
Newstart Allowance	\$182	\$222
Parenting Payment	\$170	\$251
Carer Payment	\$196	\$375
Disability Support Pension	\$129	\$168
Age Pension	\$86	\$81 ²²

Note: Average gap between income of households and poverty line, for those households living below the poverty line whose reference person receives one of these payments.

Table 10 should be read in conjunction with Table 9 (the risk of poverty among people in households receiving social security payments), as they measure different aspects of poverty. In some cases a large proportion of people in households receiving a certain payment may be living below the poverty line, but only a small distance below it; while in others a small proportion may be living below the poverty line but much further below it.

Since it is likely that most people in these households below the poverty line have little or no income apart from social security, these 'poverty gaps' largely reflect the differences between the payments and the poverty line (see Table 8). Other factors include the incomes (if any) of other household members and housing costs.

Table 10 shows that when the 50% poverty line is used, in 2010 the highest 'poverty gap' (\$196 per week) is found among households with recipients of Carer Payment²³. The second-highest poverty gap (\$182) is for households where the highest income-earner received Newstart Allowance. The 'poverty gap' for people in households receiving Parenting Payment (\$170) is slightly lower but still substantial. While lone parent families receive higher social security payments, their costs are also greater (due to the cost of raising children alone and the high housing costs of this group).

²² It is possible for the average poverty gap to be lower for households living below than the 60% line than for those below the 50% line. This can occur where a large group of households on a social security payment has incomes in between the two poverty lines. This is likely to be the case here because the maximum rate of Age Pension is close to the 50% poverty line. However, the *risk of poverty* will always be greater for people in households living below the higher poverty line (see table 9).

²³ The sample size for this group is the smallest among the social security-recipient households, so this estimate should be treated with caution.

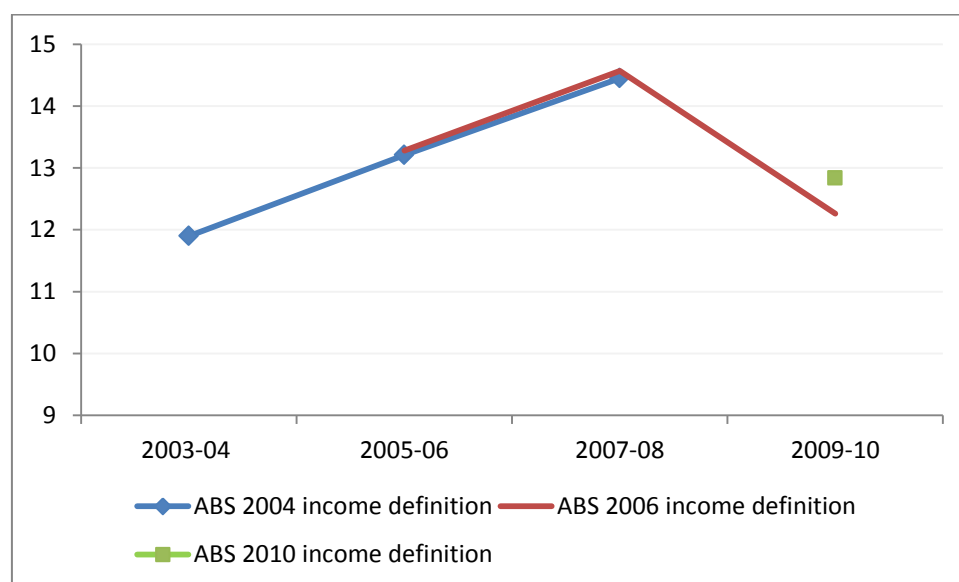
The poverty gaps are also substantial among Disability Support Pensioners at (\$129 per week) and Age Pensioners (\$86), though lower than for the other payment recipients. This reflects the smaller gaps between the maximum rates of those payments and the 50% poverty line (see Table 8).

11. Trends in the risk of poverty from 2003 to 2010 (50% of median income poverty line)

A comparison of data from a series of ABS Surveys of Income and Housing (SIH) shows that the risk of poverty in Australia rose between 2003 and 2010.

Unfortunately, due to changes in the way the ABS defined 'income' from one survey to the next, these data are not strictly comparable from 2003 all the way through to 2010 (hence the break in the graph around 2005). For the same reason, the 'risk of poverty' rate for 2010 in this historical comparison is slightly different (12.2%) to the poverty rate used elsewhere in this Report (12.8%)²⁴.

Poverty trend, 50% median income, 2003-04 to 2009-10



Nevertheless, the available ABS data on the proportion of individuals living below the 50% of median income poverty line suggest that:

- Poverty increased overall by approximately one third of a percentage point from 2003 to 2010.
- It rose substantially from 2003 to 2007 (from 11.9% to 14.5%)
- It declined substantially (from 14.6% to 12.3%) from 2007 to 2010.

²⁴ This is because the poverty estimate for 2010 in the graph below is based on the definition of income the ABS used in 2005, rather than the most up to date one (which is more comprehensive and includes such factors as irregular overtime and bonuses). For the data provided in the rest of this report the researchers used the most recent (and comprehensive) ABS income definition.

The main reason for the increase in poverty from 2003 to 2007 is likely to be that community incomes (represented by the 'median income' measure on which the poverty lines are based) rose strongly over this period but a growing minority of people (those below the poverty line) fell behind. For example, the real incomes of people on some social security payments fell behind because their payments were only indexed to the CPI and not to wages. Over this period, the impact of the rise in overall community incomes on poverty levels was greater than the poverty-reducing impact of the fall in unemployment.

The reasons for the dip in poverty between 2007 and 2010 are likely to include the economic downturn in 2008-09 (which depressed median incomes without substantially increasing unemployment) and the increases in pension payments for single people in September 2009 which lifted many people with small amounts of non-pension income (such as interest from investments) above the 50% of median income poverty line.

