

MEDIA BRIEFING



Still Too Much Child Poverty in the ‘Lucky’ Country, 18/10/22

Poverty rates in Australia, the so-called ‘lucky’ country, have barely shifted since 2002 except when temporary relief was offered during the Coronavirus pandemic and poverty dropped dramatically. New research released on the eve of Anti-Poverty Week - [Poverty in Australia 2022 by ACOSS/UNSW Poverty and Inequality Partnership](#) - confirms that 1 in 6 Australian children (761,000 or 16.6%) live in poverty, higher than the 1 in 8 (12.7%) poverty rate for adults.¹ It also found this higher rate of child poverty, compared with adult poverty, has persisted for the past 20 years.

Growing up in poverty diminishes children’s their lives now, and in the future

We know more about the impacts on poverty on children and how it diminishes their lives at the time they experience it, as well as too often, in their future. 20 years ago, we knew growing up in poverty was bad for children. In 2022 we have even more evidence and more reasons to act to reduce it.

“Children in monetary poverty...are more than 1.7 times more likely to face food insecurity, nearly twice as likely to lack good relationships with friends and almost two and a half times more likely to be missing out on learning at home.”

[To have and to have not: Measuring child deprivation and opportunity in Australia](#), ARACY, 2019

“Experiencing just a single year of poverty during childhood is associated with poorer socio-economic outcomes in terms of educational attainment, labour market performance and even overall life satisfaction in early adulthood. Children from poor households are 3.3 times more likely to suffer adult poverty than those who grew up in never poor households.

[Does poverty in childhood beget poverty in adulthood?](#) Melbourne University, 2020

We know that children who experience poverty are also acutely aware of its impact on their lives and the stress on their parents – [will wake up hungry, go to school hungry, and go to bed hungry](#). And ... they will be reluctant to tell anyone, because of a sense of shame and a desire not to further worry their parents. ANU Children’s Policy Centre Director [Professor Sharon Bessell](#), 20/4/21

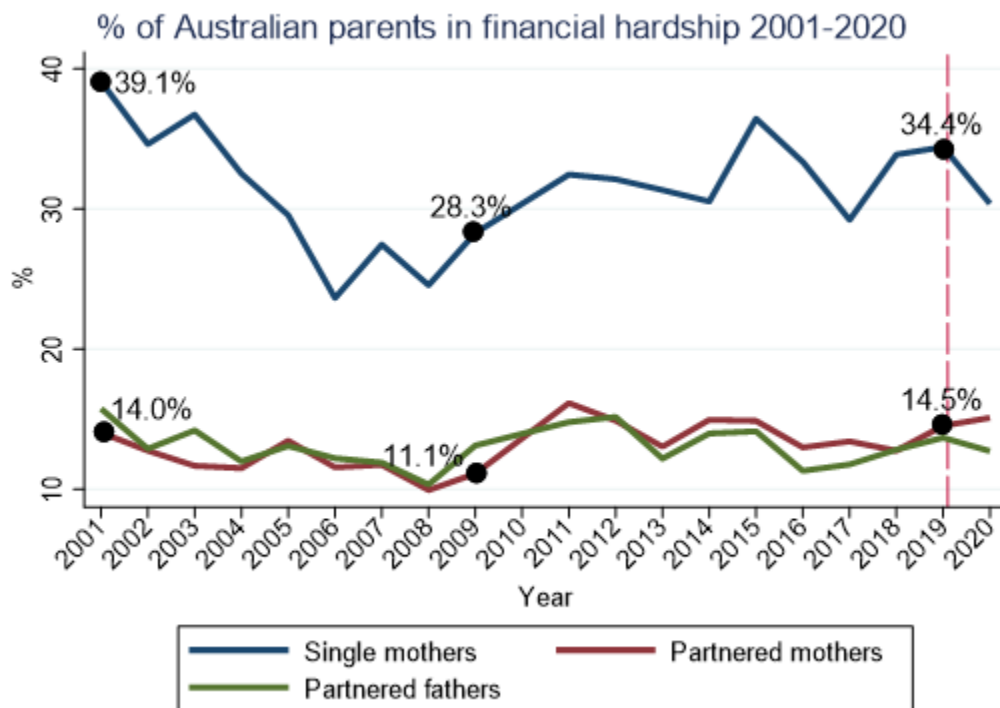
“The playing field is not level for all Australian children. Those growing up in poverty are less likely to complete high school, find a good job and have stable housing. They often suffer from poor mental and physical health and social isolation. Devastatingly, we will compromise their life chances if we fail to disrupt the cycle of disadvantage.” Life Course Centre Director [Professor Janeen Baxter](#), September 2021

New analysis confirms single parent families face greater material deprivation

New research undertaken for Anti-Poverty Week 2022 by [Life Course Centre](#) researchers Dr Alice Campbell and Professor Janeen Baxter of The University of Queensland examined data from the Household, Income and Labour Dynamics in Australia ([HILDA](#)) survey from 2001 to 2020 and found:

- single mothers are at a significantly greater risk of being in financial hardship than partnered mothers and fathers. The risk of financial hardship for single mothers **is at least double** that of partnered mothers.
- This has been the case for the past **20 years**. The risk of being in financial hardship decreased for single mothers between 2001 and 2006. However, it began to increase again from 2008 onwards.
- The proportion of single mothers in financial hardship has not dropped below approximately **30% in the past 10 years**, (2010-2020), except for a brief period when the Coronavirus Supplement was paid.

Life Course Centre analysis of 2001-2020 data for Anti-Poverty Week, October 2022



Note –the model uses survey weights and controls for age, number of children, and level of education. The dashed red line delineates pre-COVID versus post-COVID periods. The HILDA data sample is as close to being representative of the Australian population as possible and does not just represent income support recipients but rather a representative sample of all families in Australia with children.

Actions that increased child poverty in the last 20 years

Government policies have eroded income support for families, especially single parent families, over many years:

1. Single parents forced onto lower JobSeeker payments

Since 2006, single parents whose youngest child is 8 need to claim the punishingly low JobSeeker Payment now (now worth only about 66% of age pension), instead of Parenting Payments. Protections for families already claiming payments were taken away in 2013.

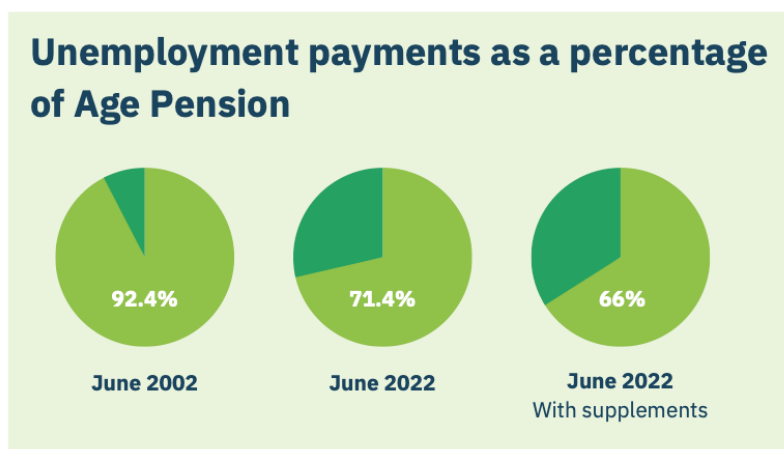
Research for the joint ACOSS-UNSW 2018 report on poverty found that this transfer was associated with an increase in the **rate of after-housing poverty among unemployed sole parents from 35% to nearly 60%.**ⁱⁱ In 2022, over **84,000 or 27% of single parents needing income support now rely on unemployment payments,** rather than higher parenting payments.ⁱⁱⁱ

2. All relying on unemployment payments (including families with children) face greater hardship due the erosion in their value compared to the minimum wage, the poverty line and the age pension.

The unemployment payment rate has fallen in comparison with the **minimum wage** since 2000 (from 50% down to 41% of replacement value), apart from the period when the Coronavirus Supplement was paid.^{iv}

In April 2021 when the temporary Coronavirus Supplement was removed completely, and despite an increase of \$25pw to the lowest income support payments, the new rate of JobSeeker payment fell to approximately 30% below the **poverty line.**^v

In 2002, single Newstart (now JobSeeker) was worth over **92% of the age pension**, in June 2022, it has **declined to around 66%** when supplements are included.



Source: APW analysis of [Social Security Guide, Historical rates](#)

3. Housing has become more expensive for families and individuals

Social housing provision hasn't kept up with our population increases

Total social housing increased by 22.5% from June 2001 to June 2021 but our population increased by 31% over the same period.

Social housing compared with Australian population, June 2001-June 2021

| | June 2001 | June 2021 | % Increase |
|----------------|------------|------------|------------|
| Social housing | 359,322 | 440,192 | 22.5% |
| Population | 19,386,700 | 25,422,788 | 31% |

Source: ABS Australian Demographics and [FACS Annual Report 2001-02](#), AIHW, [Housing Assistance in Australia](#), 29/6/22

Analysis of the Household, Income and Labour Dynamics in Australia ([HILDA](#)) Survey by Professor Roger Wilkins presented in a May 2022 seminar confirms all single parents (not just those relying on income support) were

- more likely to be renting privately (55% in 2020 compared with 42% in 2001-03);
- less likely to be a home owner/purchaser (38% in 2020 compared with 42% in 2001-03);
- less likely to be living in social housing (7% in 2020 compared with 16% in 2001-03).^{vi}

Commonwealth Rent Assistance hasn't had an increase beyond inflation for more than 22 years while rents have soared and are now at record highs for both houses and units. Rents across the nation have increased by as much as 20% on average (and much more in some locations).^{vii}

A single parent with 1 or 2 children in June 2022 was paying \$320 per week in rent and receiving only \$74 in rent assistance (median figures) – a \$244 a week gap.^{viii}

4. Spending on family payments have reduced

Family payments have been raided for Budget savings such that real expenditure in 2020-21 is the same as in 2000-01, despite a 20% increase in the number of children aged 0-14 over a similar time period. This is as result of cuts which affect the poorest families (changes to indexation and freezing of payments) and income testing (it is estimated that fewer than half of all families with dependent children now receive Family Tax Benefit, compared with about 80% when income testing was first introduced in 1987). In 2021-22, this means around 67% of Family Tax Benefit is being paid to families with a combined income of around \$56,000.^{ix} Single parents now make up around half of all Family Tax Benefit A recipients as they are more likely to have lower incomes – in 2002, they made up one third.^x

5. The child support system is not doing its job to reduce child poverty, with debts owed to children conservatively estimated to be at least \$2B in 2022.

Analysis of the Household, Income and Labour Dynamics in Australia ([HILDA](#)) Survey by Professor Roger Wilkins presented in a May 2022 seminar confirms all single parents (not just those relying on income support) were

- less likely to be regularly receiving child support (36% in 2020 compared with 40% in 2001-03)
- of those who did, received an average of 32% less in 2020 than in 2001-03 (\$2,360 in 2020 compared with \$3,490 in 2001-03 using December 2020 prices).^{xi}

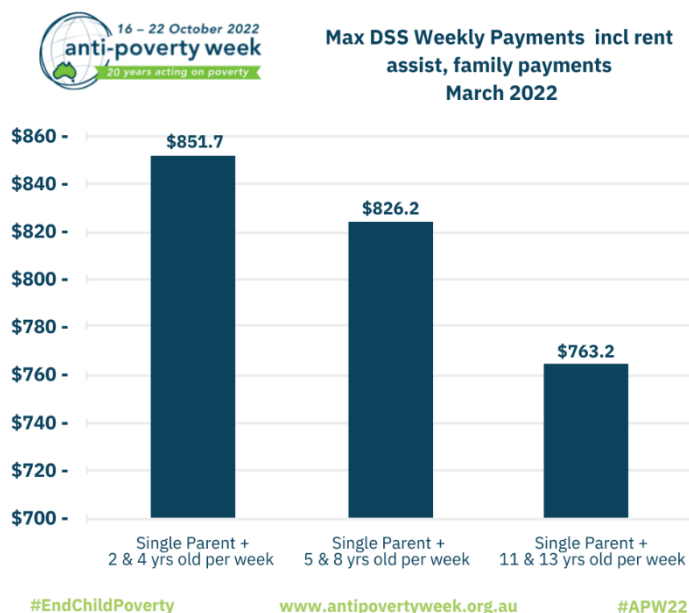
It is extremely difficult to determine the entire amount of child support debt owed to Australian children, however Anti-Poverty Week estimates that it is close to \$2Billion, just from those collecting via the Agency Collect Scheme. In March 2020, 33% had a debt that is more than one month old, a significant increase from 24% in 2015-16 when the debt was estimated at \$1.6B. Ensuring tax returns are lodged would be another important step to improving the Scheme - at least 200,000 people (mostly men) who owe child support have failed to submit a tax return for more than two years and more than 16,000 for more than 10 years. *See joint media release with National Council for Single Mothers and Their Children [Child support failure costs children and Budget](#), 18/8/22.*

Cumulative impact of changes on single parent families

In 2022 far too many single parents and their children are having to go without

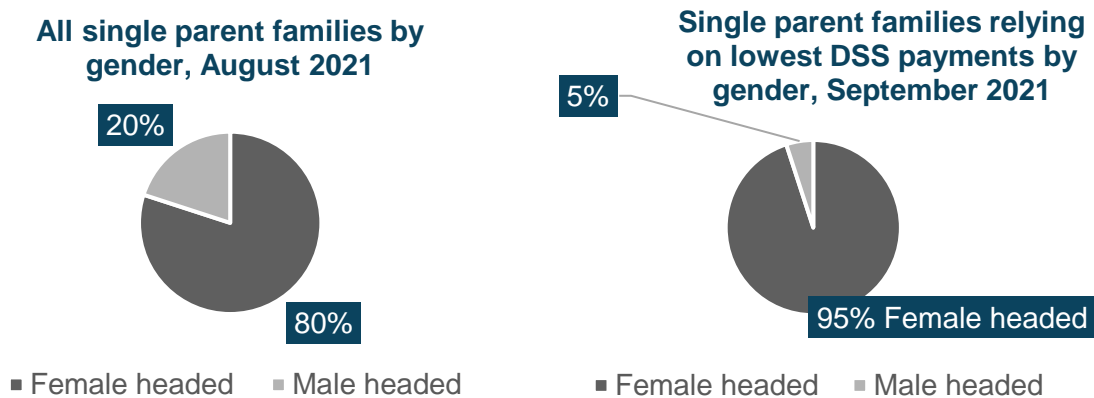
Melbourne Institute survey *Taking the Pulse September 2022* confirmed that among single-parent households with children....**almost 64% have sought out cheaper food options**, compared with 56% of all Australians. Almost 34% deferred bills or negotiated payment plans, a quarter have borrowed from friends or relatives, 24% have cancelled or deferred medical appointments and 15% have pawned or sold possessions. *“Although these strategies are also present among partnered households with children, the prevalence is much lower in comparison to single-parent households with children.”*^{xii}

Of the 1 million single parent families in Australia, we found nearly a third (300,000) are headed by women caring for around 600,000 children and living near or below the poverty line. Distressingly parents, overwhelmingly mothers, can expect to fall further into poverty as their children get older. This results from both the cut when they move from parenting to JobSeeker payments when their youngest child turns 8, combined with the family payment system as this chart shows:



APW analysis of Census 2021 and Department of Social Services income support data reveals that:

- While 80% of all Australian single parent families are female, more than 95% of the **poorest** single parent families, those who rely on inadequate income support payments, are headed by women.^{xiii}



What's worked to alleviate child poverty over the past 20 years?

Employment reduces poverty including child poverty, but alone, it is not enough, especially where there are people who face barriers that make it more difficult to gain employment and need to rely on income support. Melbourne University research published in May 2022 concluded that while employment is an important factor in escaping poverty, changes in family make-up, particularly the formation of a single-parent family, onset of disability or substantial caring responsibilities, strongly increase the risk of poverty entry and poverty persistence.^{xiv}

The [Department of Social Services Incoming Brief, May 2022](#) acknowledged that not all will benefit from increased employment: *“Employment remains key in reducing disadvantage. However, employment opportunities for people with disability remain a challenge. Remote locations, where a substantial number of more disadvantaged First Nations people live, have few private employment opportunities. Many of those receiving unemployment benefits face multiple barriers to employment, such as reduced work capacity and long periods out of work.”*

Economic growth can reduce poverty but it is not enough. The 2018 Productivity Commission Report [Rising Inequality?](#) found that despite 27 years of uninterrupted economic growth, the proportion of Australians living on very low incomes (9-10%) had not changed:

“It has varied a bit throughout that period but today, for 2 million or so people, we are where we were thirty years ago. It is not the same 2 million, as the mobility data shows. But the proportion of our society apparently doing very poorly should have reduced over that thirty years.”

Their report concluded that ***“forms of poverty for children in particular have actually risen over the last twenty years.”***^{xv}

Increasing income support

The latest poverty [research](#) released 14/10/22 finds that the child poverty rate rose from 16.2% in the September quarter of 2019 to 19% in the March quarter of 2020, then fell to 13.7% – a two-decade low – in June 2020. The increased payments delivered in the first phase of the pandemic reduced child poverty by a massive 5.3%, giving 245,000 kids in Australia the chance of a better future.

An earlier report from the ACOSS/UNSW Sydney Poverty and Inequality Partnership [Covid, inequality and poverty in 2020 & 2021](#) found that during the first ‘Alpha’ wave of the COVID-19 pandemic in 2020 among sole parent families (both adults and children) poverty was **reduced by almost half**, from 34% to 19%. A 2020 London School of Economics [paper](#) examined 54 studies from the EU and OECD that had investigated the causal effects of household financial resources on wider outcomes for children.

They were clear that this robust evidence base indicates strongly that money itself makes a difference to children’s outcomes. Their report concluded “*policies to support household income have a key role to play in any strategy to improve life chances for children from disadvantaged backgrounds. A boost to income affects parenting and the physical home environment, maternal depression, children’s cognitive ability, achievement and engagement in school, and behavior.*” Melbourne University’s Breaking down the barriers report concluded that “*boosting income support payments beyond their current austere levels remains a critical pillar of policy for governments genuinely committed to reducing persistent disadvantage.*”^{xvi}

Increasing income support payments also reduces rental stress, given that housing is typically one of the largest costs of living.

The Coronavirus Supplement significantly reduced housing stress for Commonwealth Rent Assistance recipients. Rental stress is when housing costs are more than 30% of the gross household income. Prior to the pandemic, around 40% of Commonwealth Rent Assistance households were living in rental stress. The full Coronavirus Supplement reduced this to 29% in June 2020. It increased to 46% by June 2021 when the supplement was removed, and rents kept rising.^{xvii} Further increases in rents now mean that the percentage of CRA households paying more than 30% of their income on rent increased to 63% at June 2022.^{xviii}



Source: Australian Institute of Health and Welfare (AIHW), [Housing assistance in Australia](#), 29/6/22 and Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Canberra, 30/9/22

New Zealand legislation to reduce child poverty - with actions and measurable targets

Jacinda Ardern made a commitment in the 2017 election to **more than halve child poverty** in the next ten years in line with the UN Sustainable Development Goals. She was elected in September 2017, becoming both the Prime Minister and also the Minister for Child Poverty Reduction. She introduced the Child Poverty Reduction Bill in January 2018, which passed into law with near unanimous support.

It mandated the government to set both intermediate (3 year) and long-term (10 year) child poverty targets. It also established a suite of measures to track progress on reducing child poverty and requires annual reporting on identified child poverty related indicators.

Actions taken to reduce child poverty in New Zealand include:

- Significant increases to benefits for welfare recipients, including families with children;
- specific family payment increases;
- investment in social housing;
- minimum wage increase; and
- health and food security improvements delivered directly to children.

The latest child poverty data (which tracked progress for the first three years to June 2021) was [announced](#) by the New Zealand Government Statistician on 24/2/22. The data confirmed a **downward trend across all nine indicators of child poverty** and the achievement of two out of three of the Government's first child poverty reduction targets. The [Prime Minister said](#): "*These results continue our record of delivering one of the most significant drops in measured child poverty in decades.*"

Conclusion

Too many Australians including children are struggling to make ends meet. It's not right in a wealthy country like Australia^{xix}, especially in light of our achievement in 2020 when the Federal Government's Coronavirus Supplement reduced poverty for so many. More than 1.44 million Australians are trapped in hardship on very low working age payments like JobSeeker, parenting and student payments. 60% of them are women. More than 850,000 children have a parent relying on these punishingly low payments. Over 1.37 million households on income support are struggling to pay rent with Commonwealth Rent Assistance only covering around a quarter of what they spend. Nearly 423,000, (close to one third of them), are families with children. Many are at risk of homelessness due to a shortage of affordable and social housing. The threat of poverty and homelessness is a key factor that prevents mothers from leaving violent relationships and prevents those who do leave, from recovering from family violence.

In 2022, our 20th year of acting on poverty, Anti-Poverty Week is calling on all our Parliamentarians to commit to **halve child poverty by 2030**. This means we can meet our international commitments to the UN Convention on the [Rights of the Child](#) and UN [Global Goals](#) (Sustainable Development Goals).

Our Federal Parliamentarians need to pass legislation to halve child poverty by 2030, with measurable targets and actions to achieve this goal. The New Zealand Government introduced such legislation in 2018 and they've made great [progress](#) so that fewer children live in poverty. Setting targets enshrined in legislation works and changes lives for the better.

To treat all of Australia's children fairly, we need to ensure every family has what they need. A legislated plan to halve child poverty by 2030 would be a huge step to achieving this. Let's make sure that all Australian children and families can cover the basics and have a secure roof over their head. Children can thrive and be healthy when they have what they need to develop well.

We're calling for a legislated commitment to halve child poverty by 2030 but actions which could be taken *now* to reduce child poverty include

- Increase JobSeeker and related payments so everyone can afford the basics including rent, food, medication and education.
- Build more social housing and increase Commonwealth Rent Assistance so everyone has a safe place to call home.
- Review family payments and child support to ensure they do their job of reducing child poverty and restore single parenting payment eligibility until the youngest child turns 16 not 8.
- Ensure income support and housing feature in the forthcoming final *National Plan to End Violence against Women and Children 2022–32*.

See more: [Fast Fact: Child and Family Poverty in Australia](#)
[Women, Violence and Poverty Briefing 27/10/22](#)
[Child Support Briefing.18.8/22](#)

ⁱ Note these numbers are the average for the year 2019-20 which includes some of the temporary Coronavirus Supplement and other pandemic relief, child poverty was 19% in March 2020.

ⁱⁱ [ACOSS Poverty-in-Australia-2018 Report Web-Final.pdf](#)

ⁱⁱⁱ [DSS Demographics](#), June 2022

^{iv} ACOSS/UNSW Sydney Poverty and Inequality Partnership, [Income-support-since-2000_those-left-behind](#), 17/10/21. See also [Australians on unemployment benefits are set for two record paydays – but it's a sign of a broken system, long overdue for a fix \(theconversation.com\)](#)

^v ACOSS/UNSW Sydney Poverty and Inequality Partnership report [Covid, inequality and poverty in 2020 & 2021](#), March 2022

^{vi} Seminar: [The Declining Wellbeing of Single Parent Families](#), May 2022

^{vii} ABC analysis of Domain data, [Runaway Rents](#), 21/9/21

^{viii} [DSS Demographic Data](#), June 2022

^{ix} [Parliamentary Library Briefing Book 47, Social Security and Family Assistance](#), June 2022 and APW analysis of 2001 and 2021 Census data which shows the number of children aged 0-14 years increased by 792,876 (a 20.6% increase) in that time.

^x APW analysis from [Statistical Paper No. 1 Income support customers: a statistical overview 2002](#) and [DSS Demographics](#), June 2022

^{xi} Seminar: [The Declining Wellbeing of Single Parent Families](#), May 2022

^{xii} [TTPN 21 September 2022 \(unimelb.edu.au\)](#)

^{xiii} [2021 Census shows changing face of Australian families](#), 28/6/22 stated there were 1,068,268 lone parent families, of which four out of every five (858,656) of those parents were female. [DSS Demographics](#), September 2021 states there were 234,967 Parenting Payment Single recipients, 223,784 or 95.2% of whom were female.

^{xv} [National Press Club Address Peter Harris, Chair of the Productivity Commission](#) Jonathan Coppel, Commissioner, Productivity Commission Canberra, Tuesday 28 August 2018. Based on [Rising Inequality?](#) Productivity Commission, August 2018.

^{xvi} Professor Roger Wilkins, May 2022. [Breaking-Down-Barriers-Report-4-May-2022.pdf \(unimelb.edu.au\)](#)

^{xvii} Australian Institute of Health and Welfare (AIHW), [Housing assistance in Australia](#), 29/6/22.

^{xviii} Productivity Commission, [In need of repair: The National Housing and Homelessness Agreement](#), Study Report, Canberra, 30/9/22

^{xix} The [Credit Suisse Annual Global Wealth Report 2022](#) says Australia has the highest median wealth per adult of any country (\$US273,900) followed by Belgium, New Zealand and Hong Kong SAR.