



Australia's Human Rights Score Card

Australia's 2015 UPR—NGO Coalition Fact Sheet 5

Poverty

Introduction

Article 11 of the International Covenant on Economic, Social and Cultural Rights provides the “right of everyone to an adequate standard of living” which includes “adequate food, clothing and housing” as well as the continuous improvement of living conditions. State parties are required to take steps to progressively realise the right, to the maximum of available resources (Article 2).

Although Australia is a comparatively wealthy country, poverty remains at unacceptable levels. Most people experiencing poverty rely on social security payments. Payments to people who are unemployed and young people fall well below the poverty line and assistance to sole parent families is inadequate to protect children from poverty.

2.55 million people in Australia (13.9%) are living below the poverty line, after taking account of their housing costs including 603,000 children (17.7% of all children).¹

61% of people below the poverty line rely upon social security as their main income and 31% relied upon wages as their main income. The proportion of people in poverty increased between 2010 and 2012 from 13 to 13.9%.

At-risk groups

Women are significantly more likely to experience poverty than men, with 14.7% of women compared to 13% of all men experiencing poverty in 2011-12.

Sole parents are at a particularly high risk of poverty, with a third (33%) of sole parents in

poverty in 2012. As a consequence just over a third (36.8%) of all children in poverty were in sole parent households. This reflects the lower rates of employment among sole parent households, especially those with very young children, and low levels of social security payments for these families.

Children and older people face higher risks of poverty (17.7% and 14.8% respectively), reflecting the higher costs facing families with children and the fact that many older people receiving the Age Pension do not have sufficient additional income to place them above the poverty line.

Aboriginal and Torres Strait Islander people experience higher poverty rates than non-Indigenous Australians (19.3%, compared to 12.4% of the total Australian population, based on based on 2011 HILDA data).²

Adults born in countries where the main language is not English experience higher poverty rates (18.8%) than those born overseas in an English speaking country (11.4%), or in Australia (11.6%).

People with a disability face a significantly higher risk of poverty than the average. In 2009 this was 27.4% compared to 12.8% for the total population, and this does not take account of the additional costs relating to disability (for housing, transport and medical services) borne by many people with a disability.

By labour market status, the people most likely to be living in poverty are those who are unemployed (61.2%), or in a household that relies on social security as its main source of income (40.1%) and particularly on the Newstart Allowance (55.1%) or Youth Allowance (50.6%).

Current policy settings and directions

A number of social security payments to people who are not in paid work fall below the poverty line, including the Newstart Allowance (\$97 per

¹ Australian Council of Social Service (ACOSS), *Poverty in Australia 2014*, ACOSS, 2014. This analysis is based on 2012 data using the 50% of median income poverty line, the most austere poverty line widely used in international research. Available at http://acoss.org.au/images/uploads/ACOSS_Poverty_in_Australia_2014.pdf. All data cited in this Factsheet is drawn from the ACOSS report, unless otherwise referenced.

² Melbourne Institute, *The Household, Income and Labour Dynamics in Australia Survey*, 2011.

week below the poverty line for a single, \$118 per week for a couple with two children below the poverty line); Youth Allowance (\$193 per week below the poverty line); Parenting Payment Single (\$20 per week); and the Pension Payment (\$26 per week for a single person and \$36 below the poverty line for a couple with two children).

Proposals in the 2014-15 Federal Budget would, if implemented, result in a further reduction in income to people under 30 years of age (with the proposed introduction of a 6 month waiting period, every year for this group), sole parent families (through restricted access to Family Tax Benefit Part B for sole parents with older children) and all pensioners through changes to indexation (estimated to result in a \$80 a week cut to payments over a decade).³

Compulsory income management policies have been rolled out in a range of sites across the country, limiting the proportion of payments which can be accessed as cash and the sorts of goods and services which may be purchased. Evidence to date has shown little evidence of widespread behavioural change while highlighting strong negative subjective experiences (shame and embarrassment) as well as the erosion of financial management skills among those affected.⁴

Proposed Recommendations

Australia should increase allowance payments to above the poverty line (with an initial \$51 per week increase in 2015).

Australia should increase support to sole parents and their children to reduce child poverty.

Australia should index all social security allowances and pensions to both wages and prices, whichever is higher, to ensure they keep pace with community living standards over time.

³ At the time of writing, this measure was still before the parliament along with a number of other proposed changes to social security. For more information about 2014-15 budget proposals and their likely impact on poverty in Australia, see ACOSS, *A Budget that divides the nation – 2014-15 Budget Analysis*, May 2014 available at: http://www.acoss.org.au/images/uploads/ACOSS_2014-15_Budget_analysis_-_WEB.pdf.

⁴ See ACOSS, *Compulsory Income Management: A flawed answer to a complex issue*, updated September 2014, available at: http://acoss.org.au/images/uploads/Income_management_policy_analysis_September_2014.pdf.