



Policy Brief | 17 July 2025

Trends in working-age welfare recipients

Social Policy section

Issue

The proportion of Australia's population aged 15–64 receiving income support payments reached record lows in 2023 and 2024. This was driven by a strong labour market and pre-COVID-19 policy changes.

Key points

- In June 2023, close to 12% of the population aged 15–64 received income support payments—the lowest level in more than 45 years. June 2024 was only slightly higher at around 13%.
- The long-term decline in working-age welfare receipt is partly due to previous governments' policy changes restricting eligibility for some payments, phasing-out other payments, and tight targeting through means testing.
- There has been a marked decline in student payment recipients. Possible causes include more students working and undertaking part-time study, parental income tests limiting eligibility, and low payment rates discouraging participation in higher education and course completion.
- There has also been a significant decrease in Disability Support Pension recipients, with some people with disability being directed onto the lower-rate JobSeeker Payment.

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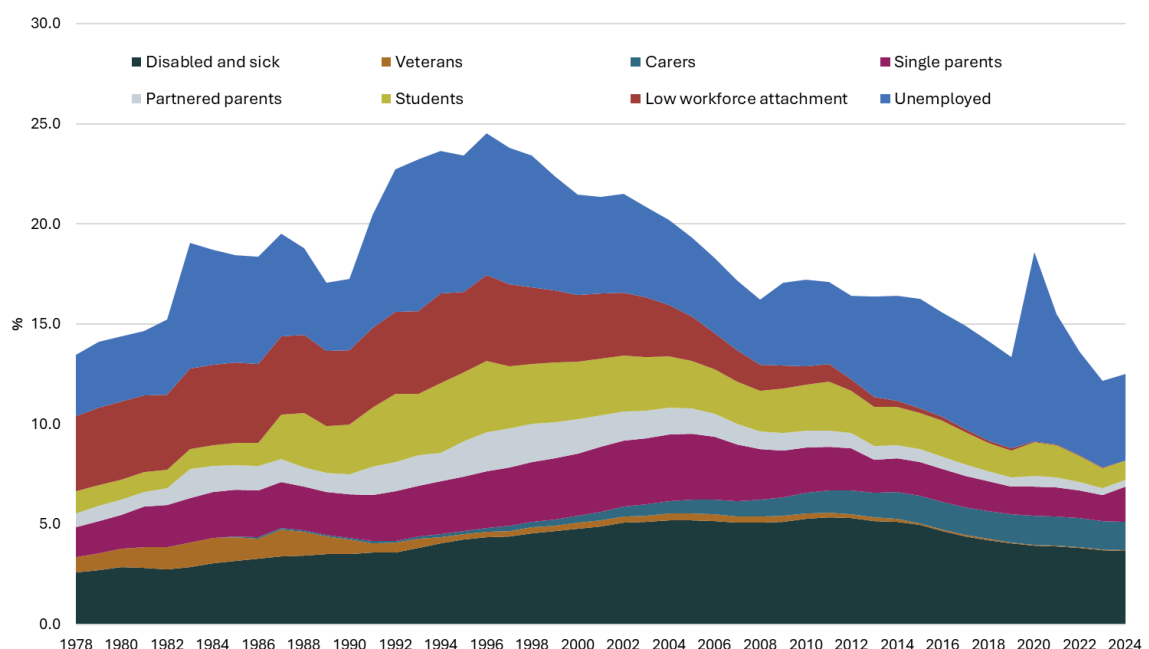
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Context

Australia's social security system comprises means tested payments aimed at different recipient categories. While the Age Pension is the primary payment for retired older people, there are various income support payments for working-age people requiring assistance due to disability, unemployment, caring responsibilities or while studying. The proportion of this working age population—those aged 15–64—receiving income support payments has gradually declined since its peak following the early-1990s recession, with short interruptions following the Global Financial Crisis in 2008 and COVID-19 containment policies in 2020 (Figure 1).

Figure 1 Income support recipients as a % of people aged 15–64



Notes: See 'Technical notes' section. 'Low workforce attachment' includes female Age Pension recipients aged under 65 years, payments for widows, Bereavement Allowance (merged into JobSeeker Payment from March 2020), Mature Age Allowance, Partner Allowance from 1996 and a percentage of estimated dependent partners of allowance payment recipients 1978–94. 'Veterans' includes Service Pension and Income Support Supplement. Data excludes JobKeeper and disaster payment recipients.

Sources: Parliamentary Library calculations based on Department of Social Services (DSS), '[DSS Demographics](#)', and predecessor departments' statistical papers; Department of Veterans' Affairs (DVA), '[Pensioner summary statistics](#)', from 2000 onwards; and Department of Education annual reports. 2023 and 2024 data for some payments provided by DSS in response to data request. Latest source available used where published data varies. Population data from Australian Bureau of Statistics (ABS), '[National, State and Territory Population](#)', (ABS: Canberra, September 2024), 'Population by age and sex – national'.

Prior to July 2017, the Age Pension qualifying age was 65 years—making 64 years a natural upper boundary for 'working-age'. The Age Pension qualifying age [gradually increased](#) from 65 to 67 between 2017 and 2023. The qualifying age for women was increased from 60 to 65 between 1995 and 2013. The change commencing in 2017 has resulted in more people 65

and over receiving payments previously reserved for ‘working-age’ people. For example, in June 2024, there were 52,390 JobSeeker Payment recipients aged 65 and over.

Pre-COVID-19 decrease

In 1996, almost a quarter of Australia’s resident working-age population received government income support. The subsequent decline was driven by labour market improvements, changes in young people’s education patterns and [government policy decisions](#) (pp. 56–57). These policy changes included:

- the increase in the Age Pension qualifying age for women
- the phasing-out of payments primarily aimed at dependent partners such as widow and wife pensions
- restricting Parenting Payment eligibility to those with younger children and introducing activity requirements
- new Disability Support Pension qualification requirements and a changed method for assessing impairments.

COVID-19 impact and labour market recovery

The number of welfare recipients increased sharply following implementation of COVID-19 containment policies but reliance on income support did not reach previous peaks. Notably, the pandemic response policy measures (particularly the [JobKeeper wage subsidy](#)) prevented the 2020 numbers from escalating. In June 2020 around 3.6 million individuals were [subsidised through JobKeeper](#) (p. 49). This represented around 20% of the working-age population, excluding the approximate 230,000 [aged 65 and over](#) (p. 52) and approximately 130,000 people [receiving another income support](#) payment. In total, an estimated 38% of the population aged 15–64 received government income support in mid-2020.

A year later the Australian Government introduced a new [COVID-19 Disaster Payment](#) to support those affected by state and territory government COVID-19 lockdowns. By December 2021, around 2.4 million individuals had [received this payment](#). Adding these people together with social security recipients indicates close to 29% of the working-age population received income support in the second half of 2021.

While pre-COVID-19 policy decisions contributed to the recent record low rates of income support, the improved labour market has been the key driver. The [seasonally adjusted unemployment rate](#) plunged to 3.4% in October 2022, the lowest level since the mid-1970s. It remained below 4% until December 2023, and as of May 2025 is 4.1%.

Working-age income support receipt rates broadly follow unemployment rate trends (Figure 2). While there is [only a partial overlap](#) between unemployment payment recipients and those defined as ‘unemployed’ in the ABS labour market surveys, unemployment rate trends strongly correlate with trends in recipient numbers.

Figure 2 Trend unemployment rate and unemployment payment recipients as % of working-age population

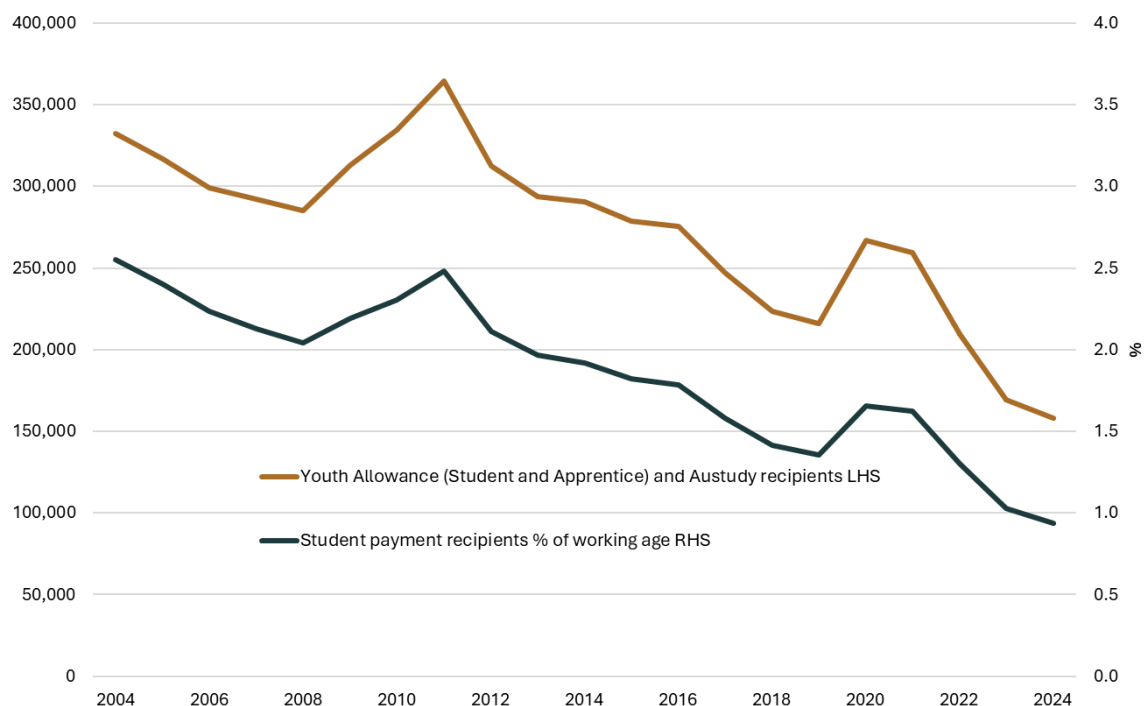


Notes: See 'Technical notes' section. Unemployment payments are JobSeeker Payment and Youth Allowance (Other) and predecessor payments.

Sources: Parliamentary Library calculations based on DSS, '[DSS Demographics](#)', and predecessor departments' statistical papers. 2023 and 2024 data payment data provided by DSS in response to data request. Latest source available used where published data varies. Population data from ABS, '[National, State and Territory Population](#)', (ABS: Canberra, September 2024), 'Population by age and sex – national'. Unemployment rate from ABS, '[Labour Force, Australia](#)', (ABS: Canberra, April 2025).

Decrease in students receiving income support

Recipients of student payments such as Youth Allowance (Students and Apprentices) and Austudy have more than halved in the 20 years to June 2024, from 341,900 to 166,100. As a proportion of the working-age population, this dropped from around 3% in 2004 to under 1% (Figure 3). A [policy change in 2012](#) shifted students aged 16–17 from Youth Allowance to Family Tax Benefit but student payment recipient numbers continued to decline in the years following (p. 5).

Figure 3 Student income support recipients aged 15–64

Notes: See 'Technical notes' section. Student payment totals include Youth Allowance (Student and Apprentice) and ABSTUDY Living Allowance recipients.

Sources: Parliamentary Library calculations based on DSS, '[DSS Demographics](#)', and predecessor departments' statistical papers. 2023 and 2024 payment data provided by DSS in response to data request. Latest source used where published data varies. Population data from ABS, '[National, State and Territory Population](#)', (ABS: Canberra, September 2024), 'Population by age and sex – national'.

In 2023, higher education researcher Andrew Norton [observed](#) that student income support numbers are in a 'structural decline that COVID-19 interrupted' and that 'no in-depth research explains the decrease' (p. 66). The subsequent [Australian Universities Accord Final Report](#) (released in February 2024) suggested some possible causes, including (pp. 144–5):

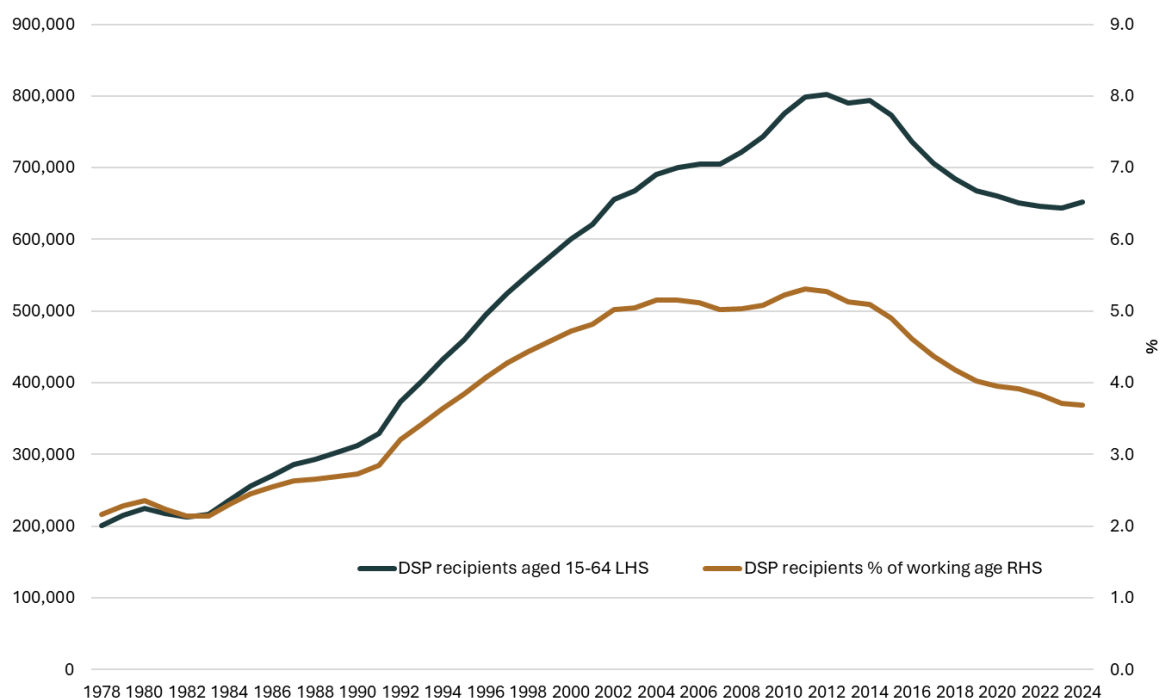
- a strong labour market increasing the number of students combining work and study
- people deferring study to enter the labour market
- increased part-time study, which generally prevents income support eligibility
- a narrowed parental income test, reducing the number of students eligible for payments
- independence criteria limiting eligibility and encouraging rural and regional students to defer study
- inadequate payment rates, discouraging participation and lowering completion rates.

In response, the [report recommended](#) increasing the parental income test free area and changing indexation arrangements. It also advocated expanding eligibility to part-time students (50%–74% study load) with a pro-rata payment and further government technical analysis of the identified issues (p. 150).

People with disability receiving income support

There has also been a marked decline in the number of working-age Disability Support Pension (DSP) recipients since 2011 and 2012 (Figure 4). In a 2018 report, [the Parliamentary Budget Office stated](#) that the main driver of the slowdown in DSP expenditure growth after 2012 was policy measures reducing the flow of people onto the payment, particularly new assessment measures (p. vi).

Figure 4 Disability Support Pension recipients aged 15–64



Notes: See 'Technical notes'. DSP was known as the Invalid Pension prior to 1991.

Sources: Parliamentary Library calculations based on DSS, '[DSS Demographics](#)', and predecessor departments' statistical papers. Population data from ABS, '[National, State and Territory Population](#)', (ABS: Canberra, September 2024), 'Population by age and sex – national'.

While some found paid employment, many people with disability who would have previously received DSP have moved onto other payments, particularly the lower-rate JobSeeker Payment. The proportion of JobSeeker (and predecessor payment) recipients assessed as having a '[partial capacity to work](#)' has grown from [less than 10% in 2007](#) (p. 20) to [around 41% in 2025](#). These individuals are subject to different [mutual obligation requirements](#) than other JobSeeker Payment recipients.

DSP policy changes have contributed to a significant demographic change in JobSeeker Payment—it is no longer the payment for those seeking full-time work. Approximately 40% of recipients have a disability and can only work part-time. As JobSeeker [absorbed the former Sickness Allowance](#) in 2020, there are also now recipients who have a job or are studying but are temporarily unable to work or study due to a medical condition.

Conclusion

The record numbers of working-age people in paid employment is a significant achievement. However, the low numbers of working-age people receiving welfare payments tells us little about how the income support system performs. The system is intended to support those with full or limited capacity to engage in or find work—recipient numbers are primarily driven by the overarching economy.

Despite the potential to connect welfare receipt trends [with claims of program effectiveness](#), the data is only one measure. A much broader analysis is required to sufficiently assess the appropriateness of payment settings for different recipient categories or for achieving particular objectives.

Beyond the headline figures, there are significant demographic shifts happening within payment categories and missing from the picture are the stories of those unable to find work but ineligible for income support.

Technical notes

Data for all figures is at June of each year unless point-in-time data unavailable.

Department of Social Services data

Prior to 2023, data sources report recipients of JobSeeker Payment (and predecessor payments) and Special Benefit who are determined to be current (i.e. entitled to be paid/not suspended) on the Centrelink payment system, and not in receipt of zero rate of payment; and recipients of ABSTUDY (Living Allowance), Austudy, Parenting Payment and Youth Allowance who are similarly determined to be current (entitled to be paid/not suspended). In January 2023 the Department of Social Services revised reporting populations for income support recipients. Published reporting populations now include all current (including those on zero rate of payment) and suspended recipients. The data used in this policy brief will not be wholly comparable to other published data as it does not include zero rate JobSeeker Payment and Special Benefit recipients or recipients suspended from payment.

Trend unemployment rate (Figure 2)

The unemployment rate measures unemployed persons as a percentage of the labour market (population aged 15 years or over who are employed or unemployed and actively looking for work). Due to large month-to-month labour market changes during April 2020 to March 2022, the ABS recommends using caution regarding the trend estimates for this period.

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