ACOSS AND UNSW SYDNEY

POVERTY IN AUSTRALIA 2025 OVERVIEW

A POVERTY AND INEQUALITY PARTNERSHIP REPORT

OCTOBER 2025

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Glossary

ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Service
CPI	Consumer Price Index
HILDA Survey	Housing, Income and Labour Dynamics Survey
Melbourne Institute	Melbourne Institute of Applied Economic and Social Research at the University of Melbourne
Minus housing costs	Disposable income excluding housing costs
Melbourne Institute	Melbourne Institute of Applied Economic and Social Research at the University of Melbourne
OECD	Organisation for Economic Co-operation and Development
Poverty line	50% of median household income (before or after housing costs)
Poverty gap	Measure of the average depth of poverty for those living below the poverty line
SIH	Survey of Housing and Income
Total income	Disposable income including housing costs
UNSW	University of New South Wales

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Foreword

The *Poverty in Australia 2025: Overview* is the latest in the *Poverty in Australia* series and the 27th report from the Partnership. The Partnership conducts research and leads advocacy to reduce poverty and inequality in Australia.

The *Poverty in Australia 2025: Overview* provides an update on the level of income poverty in Australia, based on data from the Melbourne Institute's Household Income and Labour Dynamics in Australia (HILDA) survey. This represents a departure from our usual data source, due to the decision of the Australian Bureau of Statistics (ABS) not to release the results from the 2023-24 Survey of Income and Housing (SIH).

This Report reveals the poverty gaps – the average income shortfall for people living below the poverty line – for both the 50% of median income and 60% of median income poverty lines. It also examines trends in poverty rates and in poverty gaps since 1999, using a comparison of ABS data and HILDA data. It also compares the poverty lines for different households with current income support payment rates.

In a subsequent report, we will look in detail at poverty rates among different demographics groups and the likely causes of different poverty rates.

This Report would not be possible without the vital support of our valued non-government organisation partners: 54 reasons (part of Save the Children Australia Group), cohealth (a Victorian community health service), Jesuit Social Services, Life Without Barriers, Mission Australia, Settlement Services International and The Smith Family. The Partnership is also fortunate to receive support from the David Morawetz Social Justice Fund, part of the Australian Communities Foundation; and from John C H Mitchell OAM. We thank these organisations and individuals for their support of this important national initiative.

We also acknowledge the leadership of Professor Attila Brungs, President and Vice-Chancellor of UNSW and Professor Verity Firth, Vice-President Societal Impact, Equity and Engagement and the ACOSS Board for championing this Partnership and its important research.

Dr Cassandra Goldie AO,
ACOSS

Scientia Professor Carla Treloar AM,
Social Policy Research Centre, UNSW

Key findings

Using the latest data from the Melbourne Institute's HILDA Survey for 2022-23, and a poverty line of 50% of median household after-tax income (minus housing costs):

- The poverty line is $584 a week for a single adult and $1,226 a week for a couple with two children.
- More than one in seven people in Australia (14.2%) live below the poverty line . That amounts to 3,706,000 people.
- One in six children (15.6%) live in poverty. That amounts to 757,000 children.
- After the COVID lockdowns, from 2020-21 to 2022-23, poverty increased due to the removal of COVID income supports and large increases in rents. From June 2021 to June 2023, the median advertised rent for units rose from $486 per week to $680 in Sydney (40%), from $395 to $528 in Melbourne (34%), and from $394 to $554 in Brisbane (41%).
- The proportion of all people in poverty rose by 1.8 percentage points from 12.4% (one in eight) in 2020-21 to 14.2% (one in seven) in 2022-23.
- The depth of poverty (average gap between incomes of people in poverty and the poverty line) increased from $372 per week to $390 over the same two-year period.
- Although the real increases in social security payments introduced by the Government in 2023 reduced the gaps between payments and the poverty line, these gaps remain substantial, especially for people on Youth Allowance or Jobseeker Payment.
    - After the increases in September 2023, maximum Youth Allowance payments for a person living away from the parental home were $279 per week below the poverty line, Jobseeker for a single person was $205 below the line, and Jobseeker and Family Tax Benefits for a couple with two school age children were $299 below the line.
    - The largest increases in payments were for sole parents with school-age children, which rose by $134 per week in the case of a sole parent family with two children (8-12 years) but were still $163 below the poverty line.

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Executive Summary

In 2022-23 one in seven people, including one in six children, lived below the poverty line.

Using the latest available data from the Melbourne Institute's HILDA survey, we find that:

- The poverty line based on 50% of median household income ranged from $584 per week for a single person to $1,226 per week for a couple with two children.

- One in seven people (14.2%) and one in six children (15.6%) lived below the poverty line after taking account of their housing costs.

- In total, there were over three million (3,706,000) people in poverty, including 757,000 children.

- People in households below the poverty line had incomes averaging $390 per week below it (the 'poverty gap') after deducting their housing costs. The average poverty gap was 47% of the poverty line.[1]

Over the two years after COVID lockdowns ended, from 2020-21 to 2022-23, poverty increased due to the removal of COVID income supports and large increases in rents.

The proportion of all people in poverty rose by 1.8 percentage points from 12.4% (one in seven) in 2020-21 to 14.2% (one in six) in 2022-23. The number of people in poverty increased by 593,000 (including 134,000 children). The poverty rate in 2022-23 was also slightly above its pre-COVID level of 13.4% (the average of poverty rates in 2017-18 and 2018-19) despite reductions in unemployment during this period.[2]

One reason for the increase in poverty after 2020-21 was the abolition of the Coronavirus Supplement in April 2021. While JobSeeker and related payments were permanently increased by $25 per week at this time, this represented a net $250 per week cut in maximum income support payments for those affected ($500 a week for couples).

A second reason for this increase in poverty was a large increase in housing costs, especially rents. From June 2021 to June 2023, the median *advertised rent* for units rose from $486 per week to $680 in Sydney (40%), from $395 to $528 in Melbourne (34%), and from $394 to $554 in Brisbane (31%). When *existing tenancies* are included, average rents rose more gradually but still increased by 12% over the two years from December 2021 to December 2023, compared with just 1% from 2017 to 2019 and a reduction of 1% from 2019 to 2021.

Higher rents especially impacted people with the lowest incomes. The proportion of people in households in the lowest 20% (ranked by income) who spent 30% or more of their income on rent (referred to as *rental stress*) rose from 52% in 2020-21 to 57% in 2022-23.

1 This average figure is not adjusted for household size, so the average poverty gap for smaller households (e.g. single people living alone) would be less than this.
2 An average across two years is a more robust measure of pre-COVID poverty rates than using data for a single year.

For those living below the poverty line, the depth of poverty also increased from 2020-21 to 2022-23.

The average gap between incomes of people in poverty and the poverty line increased from $372 per week in 2020-21 to $390 in 2022-23.

In its second budget in 2023 the Albanese government increased several social security payments beyond inflation. As this was beyond the period covered by the above national poverty estimates, we assess the impact on nine 'cameo' households relying fully on social security.

Commencing in September 2023, the government increased several social security payments above regular indexation, including JobSeeker Payment, Youth Allowance and Commonwealth Rent Assistance (CRA). It also extended Parenting Payment Single to sole parents whose youngest child was up to 13 years old (from 8 years), so they could transition from the lower JobSeeker Payment.

These payment increases commenced after the period covered by the latest HILDA survey so their impact on poverty across Australia is not yet captured in our national poverty estimates. To gain insight into their impact on poverty among people with little or no private income, we compare maximum social security payment rates with the poverty line for nine different 'cameo' households.

The 2023 payment increases reduced the gaps between maximum social security payments and the poverty line, but they remained substantial.

The payment increases narrowed the gaps between maximum social security payments (including income support and Family Tax Benefit) and the poverty line for our cameo households, though these gaps remained substantial.[3] After the increases in September 2023:

- *Youth Allowance* for a single person up to 24 years living away from their parents rose by $20 per week, leaving payments $279 below the poverty line.
- *JobSeeker Payment* rose by $28 per week for a single person and $55 per week if partnered (combined rate), leaving payments $205 and $182 below the poverty line, respectively.
- *JobSeeker Payment together with Family Tax Benefit* rose by $72 per week for those partnered with two children aged 8 to 12 years, leaving payments $299 below the poverty line.
- *Pensions* were not increased beyond the normal inflation adjustment, which lifted them by $16 per week for a single person and $25 per week if partnered (combined rate), leaving payments $36 and $49 below the poverty line, respectively.

3 In this analysis we compare maximum payment rates in March and September 2023, so the increases cited include regular indexation for inflation. Payments include widely available supplementary payments such as the Energy Supplement, but not CRA which offsets people's housing costs. People receiving CRA paid on average four times its value in rent, indicating that they faced a higher - not lower - risk of poverty than those who did not receive it.

The largest increases in payments in 2023 were for sole parents with school-aged children.

For a sole parent with two children 8-12 years, the increase in maximum social security payments was $134 per week. This reduced the gap between payments and the poverty line almost by half (45%) from $297 to $163 but it remained substantial. The main contributing factor was their transition from JobSeeker Payment to Parenting Payment Single, which was $85 per week higher.

The solutions to poverty remain clear.

Broadly speaking, the evidence supports the following policies to reduce poverty:

- *Lift the lowest income support payments* (including Youth Allowance, JobSeeker Payment and Parenting Payment Single) to a benchmark level of adequacy , taking account of essential living costs, relativities with other income support payments and wages.[4]

- In addition, introduce and improve income support supplements to cover essential costs above and beyond basic income support, *including the extra costs of sole parenthood, disability and rent assistance.*

- *Commit to full employment* based on targets which guarantee there are enough jobs and paid working hours overall for people who need them.

- *Invest in effective employment services* to end the entrenched economic exclusion of people such as those unemployed long-term, First Nations communities, people with disability and older people; and to improve access to decent jobs and careers for people entering or returning to paid work including young people, parents and carers.

- *Set and fund clear social housing targets to address unmet housing need* and strengthen rental protections, including protections against excessive rent increases.

4 This would be at least $589 per week, as at September 2025.

Photo by Gary Radler on Austockphoto

1. Poverty lines in 2022-23

Poverty lines are benchmarks for the adequacy of incomes to meet the minimum needs of households of different sizes. People whose household income lies below the relevant poverty line are unlikely to reach a generally acceptable minimum standard of living unless they have access to other resources such as substantial savings. They are likely to miss out on essentials that most people take for granted such as decent and secure housing.[5]

In this poverty research, we use a variant of the poverty definition adopted by the Organisation for Economic Cooperation and Development (OECD) and many other researchers, in which the poverty line for a single adult living alone is set at half the after-tax income of the median (middle) household in the overall income distribution, including any social security payments received. Higher poverty lines are then calculated for larger households based on the relative expenditure needs of different sized households.[6]

This '50% of median income' poverty line is widely used as a benchmark for poverty. The European Commission uses a higher poverty line based on 60% of median household disposable income.[7] Both poverty lines for Australia for 2022-23 are shown in Table 1, though in this report we mostly refer to the 50% of median income poverty line.

As explained in the Methodology section of this paper, we take account of people's access to a key resource required to achieve a decent living standard - their home – to assess whether they live in poverty. People who own their home outright require less income to achieve a decent standard of living than those who are renting or paying off a mortgage. To take this into account, we deduct housing costs from income before calculating the median, and then reduce each household's income by their own housing costs. We refer to this set of poverty lines as 'income minus housing costs' poverty lines (in previous reports we used the term 'poverty after housing costs').

Table 1: Poverty Lines by family type, 2022-23 ($pw after tax, including social security)

	TOTAL INCOME		INCOME MINUS HOUSING COSTS	
	50% of median	60% of median	50% of median	60% of median
Single, no children	$584	$701	$476	$571
Couple, no children	$876	$1051	$714	$856
Single, 1 child	$759	$911	$619	$742
Couple, 1 child	$1051	$1261	$856	$1028
Single, 2 children	$934	$1121	$761	$914
Couple, 2 children	$1226	$1471	$999	1199

Source: Melbourne Institute, *Household Income and Labour Dynamics in Australia Survey*.
Note: 'Total income' is all income minus income tax and the Medicare levy. 'Income minus housing costs' refers to total income minus housing costs. This is a measure of the income remaining to meet other expenses after housing costs are deducted. In previous reports we referred to 'poverty lines before housing costs' and 'poverty lines after housing costs'. We now refer to 'total income' and 'income minus housing costs' to improve clarity.

5 Davidson P, Naidoo Y & Bradbury B (2025), *Measuring Poverty in Australia—The Role of Income.* Australian Economic Review Vol 58, pp45–57.
6 OECD (2008), *Growing Unequal? Income Distribution and Poverty in OECD Countries*. Paris.
7 European Commission (2009), *Social Inclusion and Income Distribution in the European Union*. Brussels.

2. People in poverty in 2022-23

We report the results of this research in two ways.

- First, we report the number of individuals in households living below each of the 50% and 60% of median income poverty lines. This tells us how many people are living in poverty.

- Second, we calculate 'poverty gaps' for people living below the poverty line. This tells us about the depth or severity of poverty: how far below the poverty line are people in poverty? Trends in the poverty gap are expressed in constant (2022-23) dollars per week (adjusting for inflation).

In 2022-23, one in seven people and one in six children lived below the poverty line.

One in seven people (14.2%) lived below the 50% of the median income poverty line after taking account of housing costs (**Table 2**).[8] The poverty rate among children was higher at one in six (15.6%). In total, there were 3,706,000 people in poverty including 757,000 children.

The average 'poverty gap' (the difference between the average incomes of people in poverty and the 50% of median income poverty line), was $390 per week. That is, people in households below the poverty line had household incomes averaging $390 per week below the line, after deducting housing costs (though the gap would typically be less for smaller households). It is important to measure poverty gaps, because even if the *rate* of poverty is reduced, this could still leave many a long way below the poverty line. Conversely, a reform that substantially reduces the poverty gap would improve living standards even if the overall rate of poverty is constant.

8 Using the same poverty line and projecting forwards from the 2019-20 ABS Survey of Income and Housing (SIH) using microsimulation techniques, Philips arrived at the same estimate (14.2%) for the poverty rate in December 2024 (Philips B (2025) *A fairer tax and welfare system for Australia*. *ANU Polis Working Paper* No 3/25, Canberra, commissioned by St Vincent de Paul Society National Council).

Table 2: Number and percentage of people below the 50% and 60% of median income poverty lines (minus housing costs), and average poverty gaps

	50% of median	**60% of median**
	PERCENTAGES	
Percentage of people below the poverty line	14.2%	21.6%
Percentage of children below the poverty line	15.6%	23.9%
	NUMBERS	
Number of people below the poverty line	3,706,244	5,614,616
Number of children below the poverty line	756,734	1.159.833
	POVERTY GAP	
Average poverty gap ($ per week)	$390	$399
Average poverty gap (% of poverty line)	47%	39%
Average poverty gap for families with children ($ per week)	$464	$479
Average poverty gap for families with children (% of poverty line)	44%	38%

Source: Melbourne Institute, *Household Income and Labour Dynamics in Australia Survey*.

Note: 'Average poverty gap' is the difference between the poverty line and the average household income of those in poverty (how far they are below the line) in 2022-23 dollars per week. This is not adjusted for household size and would be less for smaller households.

Photo by Gillian Vann on Austockphoto

3. Trends in poverty from 1999 to 2022

We now turn to trends in poverty among all people over the 23 years from 1999 to 2022. The poverty measure used is 50% of median disposable household income minus housing costs.

Until now the main data source for our poverty research was the biennial SIH undertaken by the ABS. Regrettably, the data from the 2022-23 SIH was not released by the ABS so the last available ABS income survey is for 2019-20 – the one used for our *Poverty in Australia 2022: A Snapshot* report.[9] Consequently, we have updated our trend estimates to 2022-23 using the Melbourne Institute's latest HILDA survey, interviews for which took place with 8,918 representative households across the country between July 2022 and February 2023.

For consistency with our previous reports, we chart trends in poverty from 1999 to 2019 using data from the SIH, and developments since 2017-18 using HILDA data. This means there is a break in the series from 2017-18 as both the income definitions and survey data used differ between the SIH and HILDA. This shift to a different data source, together with a change in our methodology, results in slightly lower poverty estimates than if we had continued to use the SIH and our previous methodology. For example, in **Figure 1** below the 'new' poverty estimate for 2017-18 is 12.9% rather than 13.5%.[10]

As in our previous *Poverty in Australia* reports, there is also a break in the series in 2007-08 since the ABS changed its income definitions for the SIH at that time (for example to include fringe benefits in earnings), though it continued to provide data based on its previous definition of income.

For transparency, Figures 1 and 3 below show how estimated poverty rates changed using different income definitions and data before and after these two breaks in the series (in 2007-08 and 2019-20). The trends before and after each break are reasonably clear, as discussed below.

3.1 Trends in poverty among all people from 1999-00 to 2022-23

Figure 1 below shows changes in the rate of poverty among all people from 1999 to 2022.

Before the pandemic: Poverty rose in the boom years until the Global Financial Crisis in 2008, then plateaued from 2008 to 2017.

Poverty declined in the early 2000s, rose in the boom years up to the Global Financial Crisis in 2008, declined around 2009, and then stabilised during the decade prior to the pandemic in 2020.

As discussed in our previous *Poverty in Australia* reports, trends in poverty from 1999 to 2017 reflected rates of growth in median incomes and housing costs and social security policies, especially the indexation of pensions but not Newstart Allowance (which is now called JobSeeker Payment) and related payments to wage movements.[11]

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9 Davidson, P; Bradbury, B; and Wong, M (2022), *Poverty in Australia 2022: A snapshot*. Australian Council of Social Service (ACOSS) and UNSW Sydney. See ABS statement here: *https://www.abs.gov.au/media-centre/media-statements/survey-income-and-housing-results-will-not-be-released*
10 The Attachment provides more information. In addition to using HILDA rather than the SIH for post 2017 estimates of poverty, we have removed our previous exclusions from the dataset for households with income from self-employment and zero or negative incomes. Further, the HILDA data is based on estimates of annual income (converted here to a weekly equivalent) while the SIH used current (weekly) income.
11 Davidson P, Bradbury B & Wong M (2023), *Poverty in Australia – who is affected?* ACOSS and UNSW Sydney.

The first two years of the pandemic: Poverty fell in the first year of the COVID pandemic (2019-20) then rose a year later (2020-21).

Based on annual income data from the HILDA survey in **Figure 1**, poverty declined from 13.4% in 2017-19 to 12.1% in 2019-20, then rose to 12.4% in 2020-21, and even further to 14.1% in 2021-22. Estimates derived from the SIH suggest no significant change between 2017-18 and 2019-20 (a slight fall from 13.5% to 13.4%).

These *annual* poverty estimates mask more substantial changes during the first two years of the pandemic (2020 and 2021) as COVID income supports were introduced and then withdrawn:

- In a previous report using the SIH data, we examined trends in poverty *in each quarter* through 2019-20 (not shown in Figure 1). We found that poverty rose from 13.2% in the September quarter of 2019 (pre-COVID) to 14.6% in the March quarter of 2020 (during the first COVID lockdowns), then fell by 2.6 percentage points (646,000 people) to 12% in the June quarter of 2020 (after COVID income supports were introduced).[12]

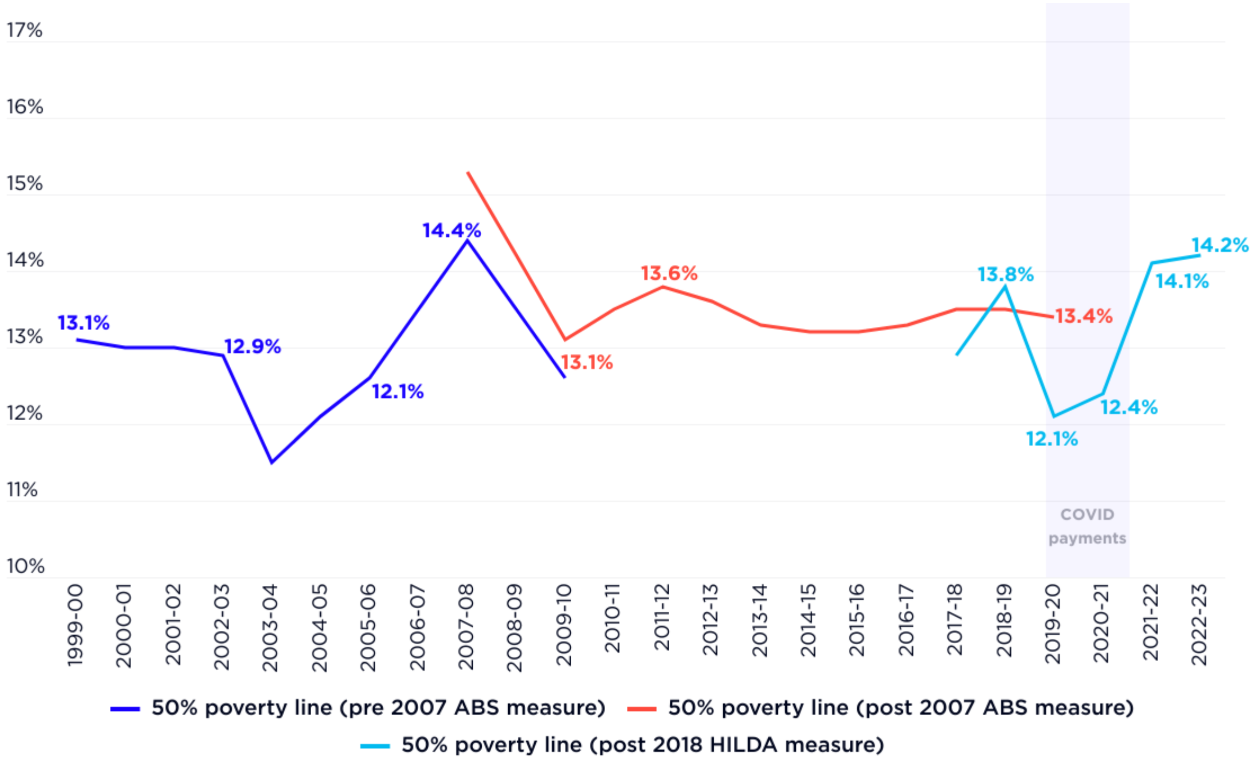
- In separate research, Phillips and Narayanan projected a rise in poverty by 2.9 percentage points from 13.7% in June 2020 to 16.6% in April 2021, once COVID income supports were withdrawn.[13]

The next two years of the pandemic: Poverty rose sharply from 2020-21 to 2022-23.[14]

Poverty rose from 12.4% of all people in 2020-21 to 14.2% in 2022-23. The number of people in poverty increased by 593,000. If we follow the long-term trend in poverty using the HILDA survey only (not shown in Figure 1), this is the highest level since that survey began in 2000.[15]

12 Davidson P, Bradbury B, & Wong M (2022), *Op. Cit*. In the annual SIH data, the rise and fall in poverty through the year cancelled each other out. The HILDA data shows a larger decline in poverty between 2018-19 and 2019-20, probably due to the COVID payments moving more people above the poverty line over the full financial year.
13 This research used microsimulation methods to estimate the impact of changes in earnings and income support on poverty as measured using the 50% poverty line minus housing costs (Phillips B & Narayanan V 2021, *Financial Stress and Social Security Settings in Australia*. ANU Centre for Social Research and Methods. Canberra).
14 COVID is still very much with us and putting lives at risk, though the *Australian Government Health Department* declared that its pandemic phase ended in October 2023.
15 Laß, I et al (2025), *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 23*. Melbourne Institute.

Figure 1: Percentage of all people in poverty from 1999-00 to 2022-23 (50% of median income poverty line, minus housing costs)



Sources: ABS, *Survey of Income and Housing*; Melbourne Institute, *Household, Income and Labour Dynamics in Australia survey*.

Note: The poverty line used is 50% of median household disposable income minus housing costs. The dark blue line on the left shows poverty rates measured using the pre-2007 ABS income definition, the red line in the middle is based on the post-2007 income definition, and the light blue line on the right shows poverty as measured using HILDA data.

3.2 Main causes of changes in poverty since the pandemic began in 2020

Why poverty fell in 2019-2020: The COVID recession at first increased poverty but COVID income supports then reduced it.

As discussed in *Poverty in Australia 2022: A snapshot*, the reason for the sharp increase then reduction in poverty during 2020 was the COVID recession in the first quarter of 2020, followed by the introduction of COVID income supports in the second quarter.[16] The main COVID income supports were the Coronavirus Supplement for people on working-age income support payments, and the JobKeeper wage subsidy for workers stood down from employment. Of these the $275 per week Coronavirus Supplement, which roughly doubled income support for people who were unemployed, had the greater impact on poverty.

16 Davidson P, Bradbury B, & Wong M (2022), *Op. Cit*.

Why poverty rose from 2020-21 to 2022-23: (1) Removal of COVID income supports.

From September 2020 the Coronavirus Supplement was progressively reduced. In April 2021 it was abolished, and JobSeeker and related payments were permanently increased by $25 per week. This resulted in a net $250 per week cut in maximum income support payments for those affected ($500 a week for couples).[17]

Why poverty rose from 2020-21 to 2022-23: (2) Increased housing rents.

By 2022-23 the direct economic impacts of the COVID recession had largely run their course and COVID income supports were removed. *Compared with pre-COVID levels*, unemployment was much lower.[18] Despite this, the poverty rate was 0.8 percentage point higher in 2022-23 compared to its pre-COVID level (13.4% on average between 2017 and 2019).[19]

This marginal increase in poverty cannot be explained by the rise in consumer price inflation from 2021. Inflation was much higher after the pandemic than beforehand: prices rose by 12% overall in the two years from December 2021 compared with 4% from 2017 to 2019 and another 4% from 2019 to 2021. However, the impact of inflation on living standards is not fully captured in the poverty measure used here since (apart from housing costs) it is benchmarked to a level of household income relative to the median rather than a level of real expenditure.[20]

One element of inflation - the sharp rise in housing costs from 2021 to 2023 - is taken into account when we examine trends in poverty since we deduct people's housing costs from their income. To the extent that housing costs rise more for people close to the poverty line than for the median (middle income) household, poverty as measured in this way will increase.[21]

The most significant housing cost for people with low incomes is rent.[22] On average, housing rents rose by 12% over the two years from December 2021 to December 2023 compared with an increase of 1% from 2017 to 2019 and a reduction of 1% from 2019 to 2021.[23] For new listings, the increases were much greater. From June 2021 to June 2023, the median advertised rent for units rose from $486 per week to $680 in Sydney (40%), from $395 to $528 in Melbourne (34%), and from $394 to $554 in Brisbane (41%).[24]

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17 During 2021 there was another round of COVID lockdowns and in response the Government extended disaster support payments to people stood down from their employment. However, payments for people fully reliant on income support were not increased (Davidson P, Bradbury B, & Wong M (2022) *op. cit.*).

18 The average unemployment rate in 2022-23 was a thirty-year low at 3.8% compared with 5.8% in 2017-18. While the overall share of the population over 16 receiving income support was similar in both years at 24%, the proportion of people in households relying on social security for 50% or more of their income declined (Australian Government Budget Papers, Australian Institute of Health and Welfare, *Trends in income support receipt*, Laß, I et al, op.cit.).

19 This increase is not statistically significant - the question posed is rather why poverty did not decline.

20 ABS, *Consumer Price Index, Australia*. Note that for the trend analysis, all dollar amounts are adjusted for inflation using the CPI. To assess the impact of higher living costs on people in poverty, we need different data sources. While income support payments are generally indexed to inflation, high inflation puts more financial pressure on people with the lowest incomes as they lack the financial buffers (savings and the ability to cut back on discretionary spending) available to those with higher incomes. See Wood D, Chan I & Coates B 2023, *Inflation and inequality: How high inflation is affecting different Australian households*. RBA Annual Conference, Sydney, 25–26 September 2023 and Grattan Institute; ACOSS 2023, *It's not enough*. Sydney.

21 Bradbury B & Saunders P (2022), *Housing costs and poverty: analysing recent Australian trends*. *Journal of housing and the built environment*. Vol 37, pp 1073–1091.

22 In 2019-20, 51% of households in poverty rented their homes, 16% owned their homes outright (so their housing costs were relatively low), and 33% were paying mortgages (Davidson P, Bradbury B & Wong M 2023, op cit).

23 ABS, Op. Cit.

24 Cotality (various years), *Quarterly rental review*. There are two reasons for the higher increases in advertised rents. First, most rents included in the CPI are for existing tenancies, which rise or fall more gradually in response to market conditions than advertised rents. Second, the CPI adjusts rental prices for improvements in quality (Abelson P & Joyeaux R (2023), *Housing prices and rents in Australia 1980-2023*. *Tax and Transfer Policy Institute Working Paper* 14/2023, Canberra).

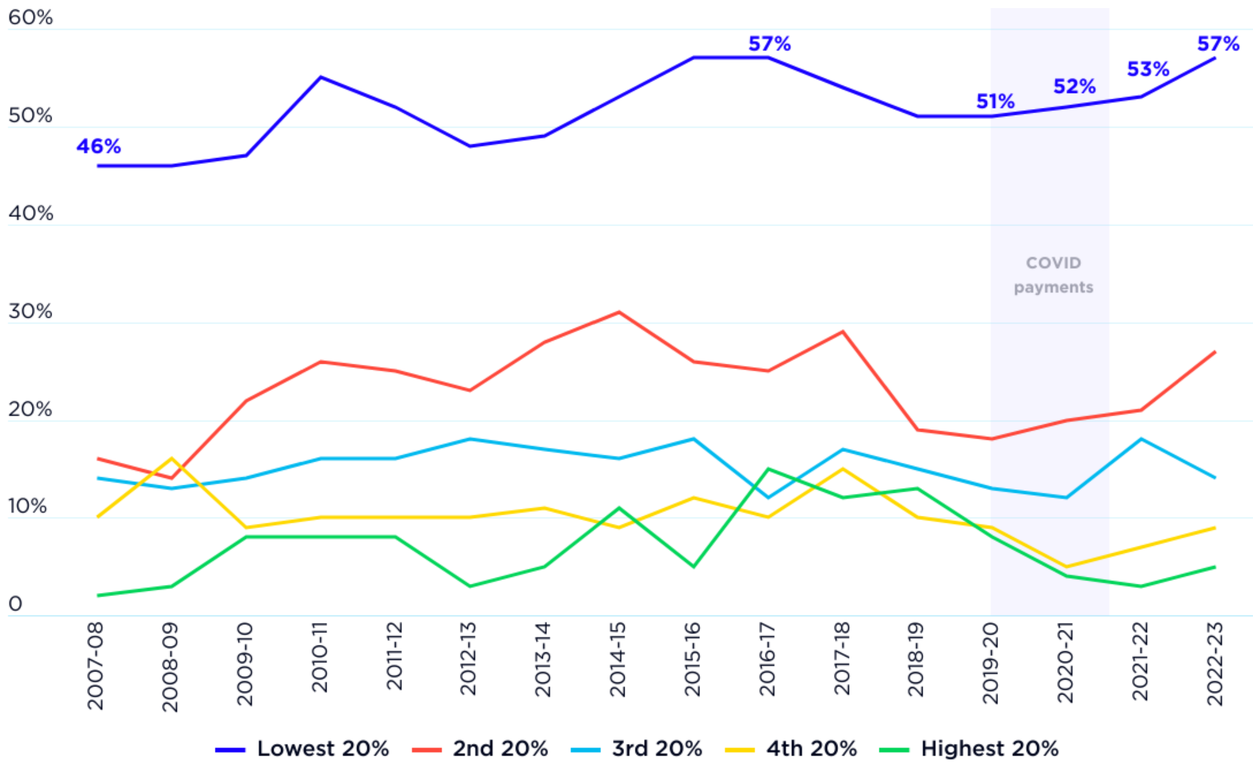
People with lower incomes are likely to pay less than median rents. Cotality also reports on rents in the 'cheapest suburb' in each city. In June 2022 the average of the median rents for a unit in the cheapest suburb in each of these three cities was around two-thirds of the overall median.

Further, the share of people over 64 years renting privately – a group with a relatively high risk of poverty - rose from 9% in 2019-20 to 12% in 2022-23. Given lower home ownership rates among the cohort of people currently aged just below 65 years, this trend is likely to persist.[25]

People in low-income households are spending more of their income on rent.

Figure 2 shows that households with the lowest incomes who rented their homes have spent a growing share of their income on rent in recent years, leaving them with less money for other essentials. Among people renting their homes who were in the lowest 20% (ranked by income), the proportion who spent 30% or more of their income on rent (referred to as *rental stress*) rose from 52% in 2020-21 to 57% in 2022-23.[26]

Figure 2: Proportion of households paying 30% of income or more for housing.



Source: Melbourne Institute, *Household, Income and Labour Dynamics in Australia Survey.*

Note: Percentage of all people renting their homes (privately or publicly) in each 20% of households ranked by equivalised household disposable income spending 30% or more of their income on rent.

25 Laß, I et al Op. Cit.
26 See also National Housing Supply and Affordability Council (2025), *State of the housing system*. Canberra; Australian Institute of Health and Welfare *Housing affordability data*.

3.3 Trends in poverty among children

Figure 3 shows that poverty among children followed a similar pattern to overall poverty, but at higher levels. Note that unlike the estimates for overall poverty in Figure 1, estimates of child poverty from the HILDA survey are substantially lower than those derived from the SIH. Further research is needed to establish the reasons for this.

Before the pandemic: Child poverty rose in the boom years up to the Global Financial Crisis in 2008, then gradually declined up to 2017-18.

Child poverty declined from 1999-00 to 2003-04 (from 18.6% to 14.3%), then rose to 18.8% in 2007-08 and declined gradually to 17.6% in 2017-18.

The first two years of the pandemic: Child poverty fell in 2019-20 and 2020-21.

When measured using annual income data from the HILDA survey, child poverty declined from 15.3% in 2018-19 to 13% in 2020-21. As with trends in overall poverty, this masks major variations within the first two years of the pandemic.

In our previous *Poverty in Australia 2022: A Snapshot* research, detailed quarterly analysis found that child poverty rose from 16.2% in the September quarter of 2019 to 19% in the March quarter of 2020, then fell by 5.3 percentage points (245,000 children) to 13.7% in the June quarter of 2020 (not shown in Figure 3).[27]

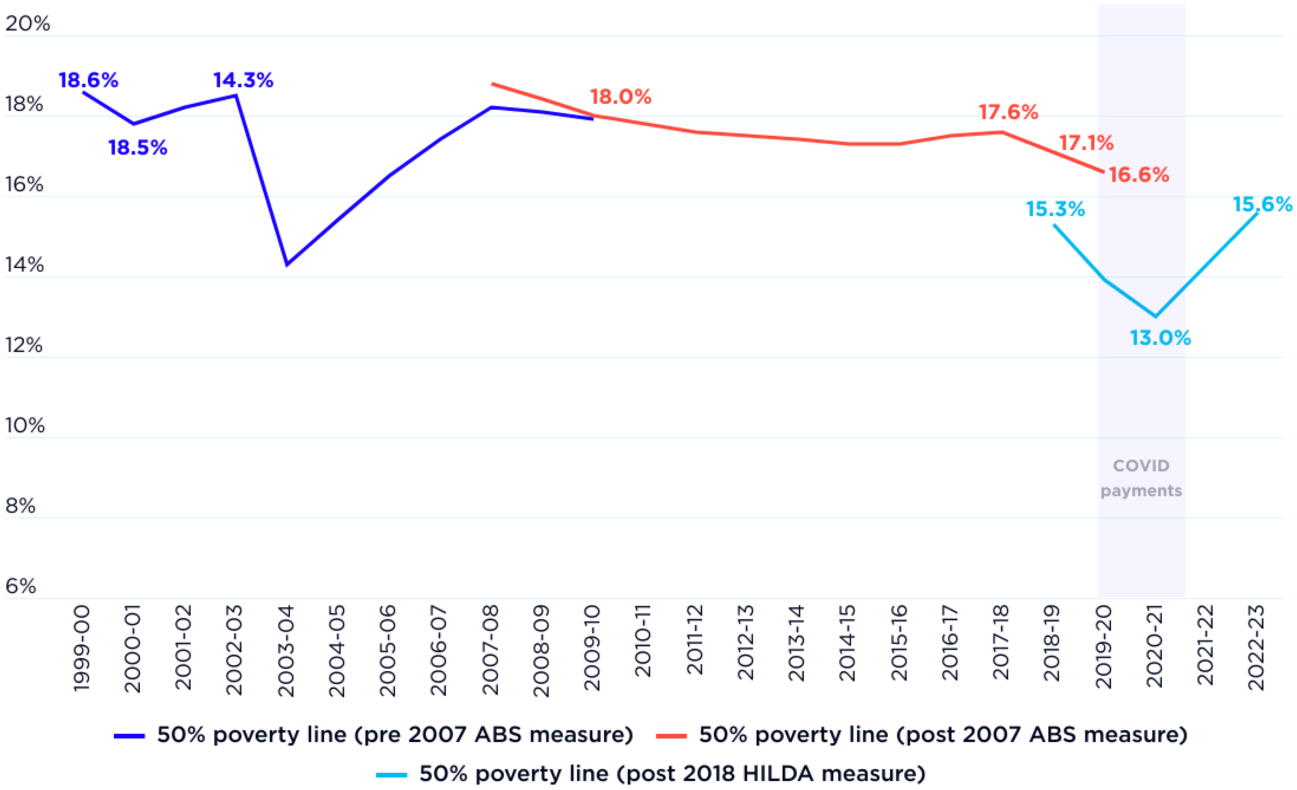
The fall in poverty among children in the June quarter of 2020 was proportionately greater than for overall poverty (which as noted above fell by 2.6 percentage points over the same period). The larger fall in child poverty was likely due to the targeting of the Coronavirus Supplement to working age households, many of whom had dependent children.

The next two years of the pandemic: Child poverty rose sharply from 2020-21 to 2022-23.

Child poverty rose from 13% in 2020-21 to 15.6% in 2022-23. As with the increase in overall poverty, the removal of COVID income supports and rise in housing costs for people with low incomes were likely contributing factors.

27 Davidson P, Bradbury B, & Wong M (2022), *Op. Cit*.

Figure 3: Percentage of all children in poverty from 1999-00 to 2022-23 (50% of median income poverty line, minus housing costs)



Sources: ABS, *Survey of Income and Housing*; Melbourne Institute, *Household, Income and Labour Dynamics in Australia Survey*.

Note: Children aged 0-14 years. The poverty line used is 50% of median household disposable income minus housing costs. The dark blue line on the left shows poverty as measured using the pre-2007 ABS income definition, the red line in the middle is based on the post-2007 income definition, and the light blue line on the right shows poverty as measured using HILDA data.

3.4 Trends in the depth of poverty

Figure 4 shows trends in the depth of poverty - the average gap between the household incomes of those in poverty and the poverty line (50% of median disposable income minus housing costs).

Before the pandemic: The poverty gap rose steadily from 1999 to 2017.

The average poverty gap increased steadily from $168 per week in 1999-00 to $290 per week in 2017-18 in constant 2022-23 values.

This is a different trend to that for poverty rates shown in Figure 1 above. One reason for the rise in the poverty gap was changes in the composition of people below the poverty line over that period, from people receiving the Age Pension (which was close to the poverty line) towards people receiving lower payments such as JobSeeker Payment.[28]

28 Ibid

During the pandemic: The poverty gap rose sharply then fell during 2019-20.

As discussed in a previous report (and not shown in Figure 4), the poverty gap rose from $291 per week in September 2019 to $323 in March 2020, then fell to $310 in June 2020 (in constant 2019-20 dollars). COVID income supports introduced in the June quarter contributed to this reduction in the poverty gap.[29]

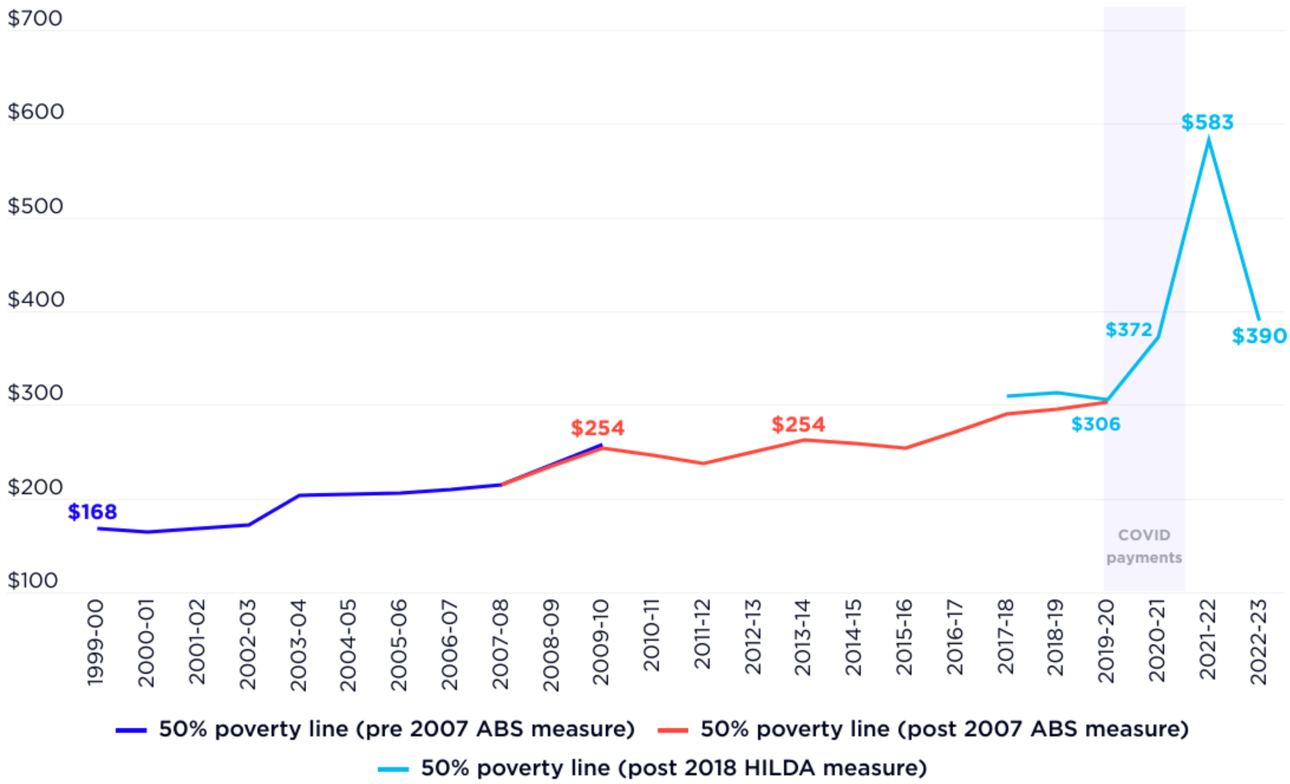
After the pandemic: The average poverty gap rose in 2021-22 then declined in 2022-23 but remained higher than before the pandemic.

Figure 4 indicates that the average poverty gap increased sharply from $372 per week in 2020-21 to $583 per week in 2021-22 then declined to $390 in 2022-23 (in constant 2022-23 values). The spike in the poverty gap in 2021-22 when measured using HILDA data is not consistent with previous trends shown in Figure 4 and we cannot identify a factor that would cause an increases of this magnitude.[30]

If we instead compare the latest estimate of the poverty gap with its pre-pandemic level, we find that it was $78 higher in 2022-23 than its average value between 2017 and 2019 of $312 per week. As with the increase in overall poverty, the recent rise in housing costs was a likely contributing factor.

29 Ibid
30 Changes in the housing costs of different households appear to be responsible for this spike in the poverty gap as measured here. When the poverty gap is estimated using the 50% of median income minus housing costs poverty line, it rose from an average of $372 per week in 2020-21 to $583 in 2021-22. However, when estimated using the 50% of median total income poverty line, the average poverty gap declined from $298 to $284.

Figure 4: Average poverty gap for all households in poverty from 1999-00 to 2022-23 in 2022-23 dollars per week (50% of median income poverty line, minus housing costs)



Sources: ABS *Survey of Income and Housing*; Melbourne Institute, *Household, Income and Labour Dynamics in Australia Survey*.

Note: Average gap between the poverty line and the household disposable incomes of people living below it, expressed in 2022-23 dollars per week. These figures are not equivalised, so poverty gaps for smaller households are likely to be lower.

The poverty line used is 50% of median household disposable income minus housing costs. The dark blue line on the left shows poverty rates measured using the pre-2007 ABS income definition, the red line in the middle is based on the post 2007 income definition, and the light blue line on the right shows poverty as measured using HILDA data.

4. Social security payments and poverty lines in 2023

Although the main purpose of social security payments (including pensions and allowances for adults, family tax benefits and other supplements) is to prevent poverty, people generally need private income on top of those payments, such as wages or investment incomes, to escape poverty.

Most people receiving social security payments have limited private income, so receive the maximum payment rates.[31] We can gain insight into the likely impact of social security payments on poverty among people with little or no private income by comparing the poverty line with maximum payment levels.

Table 3 compares maximum rates of social security payments with poverty lines for nine different types of households during 2023. In contrast to the poverty gaps shown in Table 2 and Figure 4, the gaps between maximum payment rates and poverty lines shown here are for illustrative or 'cameo' households relying fully on social security. They do not take account of variations in the private incomes, social security payments or housing costs of different households across Australia.

In this analysis we compare maximum payment rates in March and September 2023, so the increases shown include regular indexation for inflation. Payments include widely available supplementary payments such as the Energy Supplement, but not CRA, which offsets people's housing costs. People receiving CRA paid on average four times its value in rent, indicating that they faced a higher - not lower - risk of poverty than those who did not receive it. Further, only one quarter (26%) of people receiving income support payments also receive CRA. Maximum rates of CRA are listed separately on the right side of Table 3 for information.[32]

In March 2023, maximum social security payments were substantially below the poverty line.

In March 2023, towards the end of the financial year in which the HILDA survey on which our poverty estimates are based was conducted, maximum social security payments (excluding CRA) were all below the poverty line for our cameo households:

- *Youth Allowance* for a single person up to 24 years old living away from their parents was $299 per week below the poverty line.
- *JobSeeker Payment* was $233 per week below it for a single person and $237 below it if partnered (combined rate).
- *JobSeeker Payment* was $220 below the poverty line for a sole parent with two children (8 to 12 years old), and $371 below it for those partnered with two children (8 to 12 years old).

31 In December 2022, around three quarters of all people receiving income support payments (73%) were on the maximum rate, ranging from 58% for students on Youth Allowance to 87% for people on Disability Support Pension. (Department of Social Services (2022), *DSS Payment Demographic Data* - quarterly - December 2022). The income profile of people receiving Family Tax Benefit was different since 58% were not entitled to an income support payment, mainly due to their higher private incomes. Overall, the parents of a slight majority of children (56%) were entitled to FTB in 2019-20 and family income tests have become stricter over time (Davidson P, Bradbury B, Wong M (2024), *Inequality in Australia 2024: Who is affected and how*. Australian Council of Social Service and UNSW Sydney).
32 Department of Social Services 2022, op. cit.

- *Pensions* were $52 per week below it for a single person and $74 below it if partnered (combined rate).

It should be noted that the poverty line used here does not account for the extra costs of disability or caring for a person with disability, which are especially relevant for assessing the adequacy of Disability Support Pension and Carer Payment.[33]

Table 3: Comparison of social security payments and poverty lines for cameo families with no private income in March and September 2023

	Poverty line ($/week)	Social security payments apart from Commonwealth Rent Assistance ($/week)			Payments minus poverty line ($/week)		Commonwealth Rent Assistance ** ($/week)	
	2022-23	March 2023	Sep 2023	Increase*	March 2023	Sep 2023	March 2023	Sep 2023
Single no children (Youth Allowance, away from home)	$584	$285	$305	$20	-$299	-$279	$79	$93
Single no children (JobSeeker Payment)	$584	$351	$379	$28	-$233	-$205	$79	$93
Single no children (pension)	$584	$532	$548	$16	-$52	-$36	$79	$93
Partnered no children (JobSeeker Payment)	$876	$639	$694	$55	-$237	-$182	$74	$87
Partnered no children (pension)	$876	$802	$827	$25	-$74	-$49	$74	$87
Single 1 child (JobSeeker/Parenting Payment)	$759	$539	$664	$125	-$220	-$95	$93	$109
Partnered 1 child (JobSeeker Payment)	$1,051	$757	$820	$63	-$294	-$231	$93	$109
Single 2 children (JobSeeker/Parenting Payment)	$934	$637	$771	$134	-$297	-$163	$93	$109
Partnered 2 children (JobSeeker Payment)	$1,226	$855	$927	$72	-$371	-$299	$93	$109

Source: Melbourne Institute, *Household, Income and Labour Dynamics in Australia Survey*; Services Australia (2023), *A Guide to Australian Government Payments.*

Note: Poverty line is 50% of median household disposable income. All children are 8-12 years old. Payments for those on pensions include the pension, pension supplement and energy supplement. Payments for those on JobSeeker Payment include energy supplement. No income tax is payable on maximum payment rates.

* In addition to indexation for inflation, JobSeeker and related payments were increased by $20pw, Rent Assistance was increased by 15%, and single parents whose youngest child was 8-13 years old were transferred from JobSeeker Payment to Parenting Payment Single which was $85pw higher.

These figures are not adjusted for inflation between March and September 2023, so the increases include a regular inflation adjustment component.

** CRA is not included when comparing maximum payment rates with poverty lines, as recipients of this supplement pay on average four times the value of CRA in rent, increasing their risk of poverty.

33 In our recent Position Paper on poverty measurement, ACOSS and UNSW Sydney raised this problem with existing income-based poverty measures (Davidson P, Naidoo Y & Bradbury B (2025), *Poverty measurement: A Poverty and Inequality Partnership position paper*, Sydney: Australian Council of Social Service (ACOSS) and UNSW Sydney). See also Vu B (2020), *The costs of disability in Australia*. *Health Economics Review*, Vol 10 No 6, pp1-10; Olney S & Yates S (2025), *The Costs of Living With Disability in Australia*. *Australian Economic Review* Vol 58, pp36–44).

In its second Budget in 2023, the Albanese government increased several social security payments beyond inflation. This reduced the gaps between maximum social security payments and the poverty line, but they remained substantial.

Commencing in September 2023, the government increased several social security payments above regular indexation including JobSeeker Payment, Youth Allowance and CRA. It also extended Parenting Payment Single to sole parents whose youngest child was 8 to 13 years old so they could transition from the lower JobSeeker Payment.[34]

The national poverty rates and gaps in parts 2 and 3 of this report do not take these changes into account as they were implemented shortly after the period covered by the latest HILDA survey.[35] This means we must wait for fresh data to assess the impact of these measures on the level of poverty across the nation. Nevertheless, **Table 3** shows the extent to which they narrowed the gaps between maximum rates of payment and the poverty line for different types of households.

In September 2023, maximum social security payments (excluding CRA) remained well below the poverty line for our cameo households though these gaps were reduced. After the increases in September 2023:

- *Youth Allowance* for a single person up to 24 years living away from their parents rose by $20 per week, leaving payments $279 below the poverty line.
- *JobSeeker Payment* rose by $28 per week for a single person and $55 per week if partnered (combined rate), leaving payments $205 and $182 below the poverty line, respectively.
- *JobSeeker Payment together with Family Tax Benefit* rose by $72 per week for those partnered with two children aged 8 to 12 years, leaving payments $299 below the poverty line.
- *Pensions* were not increased beyond the normal inflation adjustment, which lifted them by $16 per week for a single person and $25 per week if partnered (combined rate), leaving payments $36 and $49 below the poverty line, respectively.

34 ''In the 2023-24 Budget, the Government announced $4.9 billion to increase working age and student payments by at least $40 per fortnight from 20 September 2023, including JobSeeker Payment, Youth Allowance, Parenting Payment (Partnered), Austudy, ABSTUDY, Disability Support Pension (Youth), and Special Benefit. This measure commenced from 20 September 2023, on the same day as indexation.

This measure also included extending eligibility for the existing higher rate of JobSeeker Payment to single recipients aged 55 to 59, who are on payment for nine or more continuous months. Previously the qualifying age for this higher rate was 60. More than 50,000 recipients aged 55-59 (on payment for 9 continuous months or more) have received an increase of $109 per fortnight.

The Government is also investing $1.9 billion to extend eligibility for Parenting Payment (Single) to single principal carers with a youngest dependent child under 14 years (up from 8 years). …This measure has provided an increase to the maximum basic payment of $197.20 per fortnight and around 75,000 single parents with a youngest child aged 8 to 13 years are now benefiting.

The Government also invested $2.7 billion to provide additional support to around 1.1 million households, with … a 15 per cent increase to the maximum rates of Commonwealth Rent Assistance.'' (Economic Inclusion Advisory Committee (2024), *2024 Report to Government*, p124).

35 The HILDA survey was run during the second half of 2023 and income data collected were for annual income in 2022-23, so the increases in payments in September 2023 were not included.

The largest increases in payments among our cameo families were for sole parents with children aged 8-12 years.

For a sole parent with two children aged 8-12 years, the increase in maximum social security payments was $134 per week. This reduced the gap between payments and the poverty line almost by half (45%) from $297 to $163. The main contributing factor was their transition from JobSeeker Payment to Parenting Payment Single, which was $85 per week higher.[36]

The gaps between maximum social security payments and the poverty line were greatest (as a percentage of the poverty line) for those receiving Youth Allowance or JobSeeker Payment.

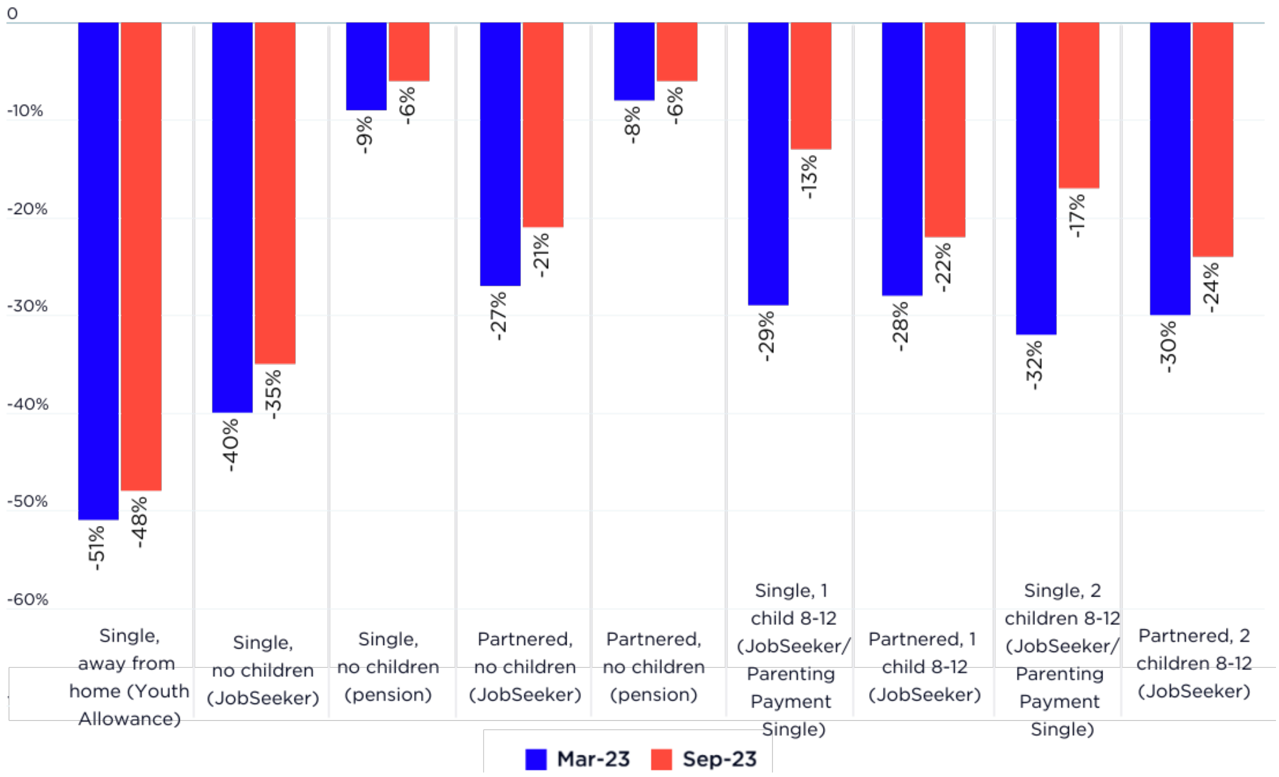
To account for the needs of different-sized households when measuring the depth of poverty, the gaps between social security payments and the poverty line can be expressed as a percentage of the poverty line instead of a dollar value (**Figure 5**).

Following the payment increases in September 2023, the cameo households in Table 3 above whose payments were furthest below the poverty line in percentage terms were:

- a single person on Youth Allowance living away from the parental home, whose payments were 48% below the poverty line;
- a single person on JobSeeker Payment, whose payments were 35% below the poverty line;
- partnered people with two children (8-12 years) on JobSeeker Payment, whose payments were 24% below the poverty line.

36 Not all sole parents on income support benefited to this extent. The increase in payments for those transitioning from JobSeeker Payment to Parenting Payment Single did not apply to those already receiving the higher payment (whose youngest child was less than 8 years) nor those whose youngest dependent child was 14 years or above.

Figure 5: Gap between payments and poverty line as % of poverty line (March and September 2023)



Sources: Melbourne Institute, *Household, Income and Labour Dynamics in Australia Survey*; Services Australia (2023), *A Guide to Australian Government Payments.*

Note: See Table 3 above. The difference between maximum social security payment rates and the poverty line is expressed here as a percentage of the poverty line.

For example, in September 2023, a single person on Youth Allowance living away from the parental home and relying fully on social security received payments that were 48% below the poverty line.

Attachment: How poverty is measured in this report

In this report, people are in poverty when their household's disposable income (after deducting income tax, the Medicare levy and housing costs) falls below a level considered adequate to achieve an acceptable standard of living. Rather than measure living standards directly (for example, by asking people whether they have to go without necessities), we set a benchmark for the adequacy of household incomes of one-half (50%) of the median or 'middle' household disposable income. This is the 'poverty line'. For comparative purposes, we also report the number of people who fall below a higher poverty line set at 60% of median household disposable income.[37]

In this way, we measure poverty by comparing the spending capacity of people with low incomes with that of 'middle Australia'. This takes account of the fact that perceptions of an acceptable standard of living vary over time and between countries as living standards rise or fall. One example is the ability of people to connect with the world using mobile phones or the internet. Similarly, minimum standards for housing have changed over time – such as access to an indoor toilet.

It does not follow that these poverty measures are simply measuring overall inequality, or that poverty cannot be eliminated while income inequality exists. It *can* be eliminated by lifting the lowest incomes (including social security payments, paid working hours and minimum wages) to at least half the median level. Poverty levels vary over time within Australia in response to policy changes such as the increase in pensions in 2009 and the introduction of COVID supplements in 2020.

All incomes and housing costs reported here are adjusted by the quarterly CPI to average 2022-23 levels. When we count poverty, we count individuals (both adults and children) but decide whether they are below or above the poverty line based on their household income and housing costs.

People's spending power is affected by more than their incomes. This report also takes account of two factors that have a large impact on the ability of a household to live decently at a given level of income.

First, we adjust (or 'equivalise') household disposable incomes to take account of *household size* (using the 'modified OECD scale').[38] For example, a couple with two children needs more money to achieve the same living standard than a single person living alone. Poverty lines are adjusted in this way, as illustrated in Table 1. So, the 50% of median income poverty line for a single person is $584pw in 2022-23, and that for a couple with two children is $1,226pw.

Second, we take account of variations in the largest fixed cost of most low-income households: *housing*. At a given level of income, outright homeowners can achieve a much higher standard of living than most tenants or people with mortgages because their housing costs are lower. This is especially important when measuring poverty among older people.

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37 For a detailed discussion of issues in the measurement of poverty based on income, see Davidson P, Naidoo Y & Bradbury B (2025), *Op.Cit.*

The 50% of median income poverty line is used by the OECD, while the higher 60% of median income poverty line is used by the European Union (though neither take account of housing costs). Australia does not currently have an official national poverty line, despite our obligation under the Sustainable Development Goals to 'by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.' See: https://www.un.org/sustainabledevelopment/poverty/.

38 For simplicity and for consistence with our previous work, we use the same equivalence scale for disposable income and for income minus housing costs. The 2025 HILDA Statistical Report uses a different scale for the after-housing measure, which is the main reason for the slight differences in results found here.

To take housing costs into account, the poverty lines in Table 1 are calculated by subtracting housing costs from disposable income before calculating the median household income. These lower poverty lines represent the amount of money needed to buy all other essentials after housing is paid for. The poverty status of each household is established by deducting its housing costs from its disposable income and comparing the remaining amount with the lower, ‘income minus housing costs’ poverty line.

In this report we present data from two sources, the ABS SIH (used in our previous reports, but only available up until 2019-20) and the Melbourne Institute HILDA survey. There are several differences between the two data sources, and our analysis of them, that are relevant for this study.

- The SIH is a (semi-) regular cross-sectional survey of households, while the HILDA is a panel survey following people over time, but which can also be analyzed as a series of cross-sectional surveys.

- The SIH has a higher response rate and a larger sample size, but its methods have changed over time, whereas the HILDA questionnaire design has been relatively stable. Both surveys use weights to partially correct for any non-response bias.

- Most people arriving in Australia after 2011 are excluded from the scope of the HILDA survey.

- The income definitions in the two surveys differ. The most important difference is that the SIH interviews people throughout a financial year, but in recent years has only collected information on their current income. The HILDA survey interviews most people in the second half of the calendar year and collects information on their annual income for the previous financial year (we have converted this to a weekly equivalent).

- In our analysis of poverty using the SIH survey, we excluded households with zero or negative income and people with self-employment income. We have included both these groups in our analysis of the HILDA data, consistent with the Melbourne Institute’s approach in its HILDA Statistical Reports. This brings households with income from self employment into our overall population and poverty data and does not substantially alter the resulting poverty rates.

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