

# ECONOMIC INCLUSION ADVISORY COMMITTEE

2026 REPORT TO GOVERNMENT



**The Economic Inclusion Advisory Committee acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, water and community. We pay our respects to them and their cultures, and to Elders both past and present.**



### **Content warning**

This report contains material that some readers may find distressing, including relating to mental health, suicide, and domestic and family violence. If you need to talk to someone, please call **1800 Respect National Helpline: 1800 737 732** or **Lifeline: 131 114** anytime for confidential telephone crisis support.

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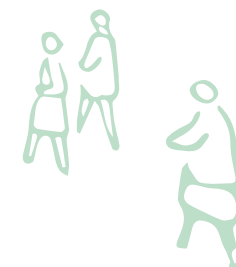
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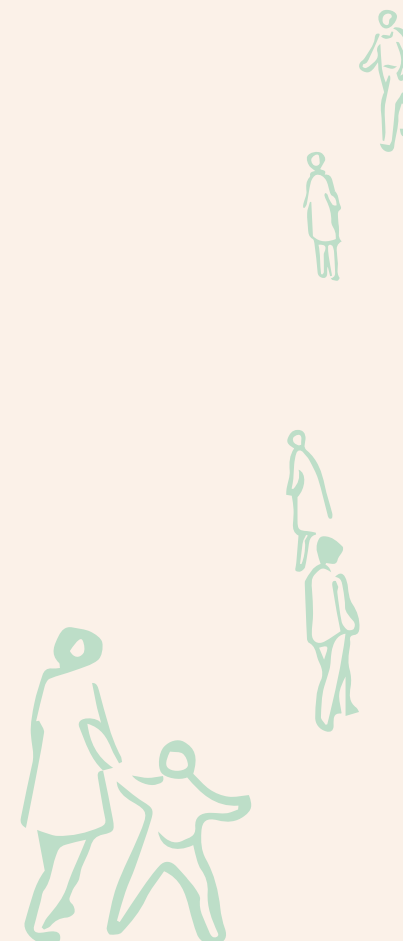
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## ABBREVIATIONS

### **ABS**

Australian Bureau of Statistics

### **ACCC**

Australian Competition and Consumer Commission

### **ACE**

Australian Centre for Evaluation

### **ACCO**

Aboriginal Community Controlled Organisations

### **ACOSS**

Australian Council of Social Service

### **AHURI**

Australian Housing and Urban Research Institute

### **AIHW**

Australian Institute of Health and Welfare

### **ANU**

Australian National University

### **APS**

Australian Public Service

### **CCS**

Child Care Subsidy

### **CHINS**

Community Housing Infrastructure Needs

### **CPI**

Consumer Price Index

### **CRA**

Commonwealth Rent Assistance

### **DEWR**

Department of Employment and Workplace Relations

### **DSP**

Disability Support Pension

### **DSS**

Department of Social Services

### **ECEC**

Early Childhood Education and Care

### **EDHI**

Equivalised Disposable Household Income

### **EIAC**

Economic Inclusion Advisory Committee

### **EMTR**

Effective Marginal Tax Rate

### **EQC**

Employment Quality Commission

### **ESA**

Employment Services Australia

### **FTB**

Family Tax Benefit

### **FTB A**

Family Tax Benefit Part A

### **FTB B**

Family Tax Benefit Part B

### **GST**

Goods and Services Tax

### **HAFF**

Housing Australia Future Fund

### **HILDA**

Household, Income and Labour Dynamics in Australia

### **IGTO**

Inspector General of Taxation and Taxation Ombudsman

### **LCDI**

Life Course Data Initiative

### **MAT**

Maintenance Action Test

### **MIFA**

Maintenance Income Free Area

### **MIT**

Maintenance Income Test

### **MPI**

Multidimensional Poverty Index

### **MTAWE**

Male Total Average Weekly Earnings

### **MYEFO**

Mid-Year Economic and Fiscal Outlook

### **NESB**

Non-English Speaking Background

### **OECD**

Organisation for Economic Cooperation and Development

### **OTRLCI**

Other Transfer Recipient Living Cost Index

### **PBLCI**

Pensioner and Beneficiary Living Cost Index

### **PBS**

Pharmaceutical Benefits Scheme



**PCW**

Partial Capacity to Work

**PLACE**

Partnerships for Local Action and  
Community Empowerment

**PPP**

Parenting Payment Partnered

**PPS**

Parenting Payment Single

**RAA**

Remote Area Allowance

**RJED**

Remote Jobs and Economic Development

**TCF**

Targeted Compliance Framework

**UNSW**

University of New South Wales

**UTLAH**

Unreasonable to Live at Home

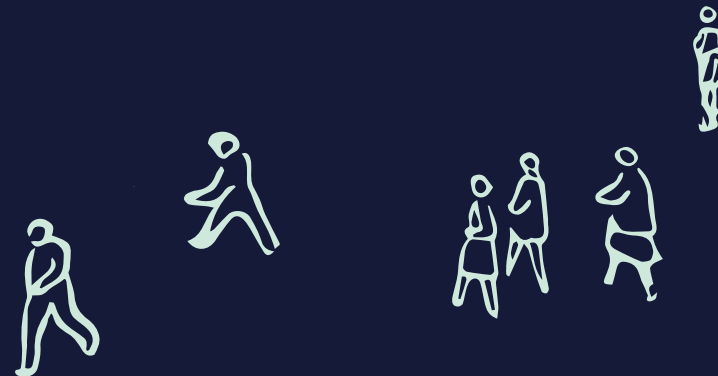
**WRP**

Worker Retention Payment

Throughout the report, reference to **'the Government'** should be taken to mean the **Commonwealth Government** unless otherwise stated, and **'the Committee'** should be taken to mean the **Economic Inclusion Advisory Committee** unless otherwise stated.



# EXECUTIVE SUMMARY AND RECOMMENDATIONS



## THE ECONOMIC INCLUSION ADVISORY COMMITTEE

**The Economic Inclusion Advisory Committee (the Committee) was established in November 2022 to provide independent advice to the Australian Government before every federal Budget on economic inclusion and tackling disadvantage.**



Its deliberations cover Government policy settings, systems and structures, as well as the adequacy, effectiveness and sustainability of income support payments. The Committee is also tasked with considering options to reduce barriers to work, including social security and employment services, and with exploring ways to reduce barriers to economic inclusion for the long-term unemployed and disadvantaged, including local place-based approaches. In providing its advice, the Committee is to have regard to the Government's fiscal strategy, existing Government policies, and the long-term sustainability of the social security system.

The Committee's membership includes the nation's leading economists, academics, philanthropists and community advocates and is chaired by the Hon Jenny Macklin AC. Committee members are listed in Appendix 1. Legislation which contains the Terms of Reference for the Committee is at Appendix 2.

## WHAT'S NEW IN THIS YEAR'S REPORT

The analysis and recommendations in this report build on those provided to Government ahead of the 2023-24, 2024-25, and 2025-26 Budgets. In making them, the Committee acknowledges the actions the Government has already taken. Chapter 7 details the extent to which the Government has advanced the recommendations from past reports.

This report outlines what the Committee considers to be the areas where more action is required to give Australians the opportunity to participate and engage in society and to build a stronger safety net to assist people who need support.

To prepare its analysis and recommendations, the Committee conducted hearings with nine expert organisations who shared their research and insights. It also commissioned analysis and modelling from Government, university, and private sector research organisations, specifically into the cost of reforms to employment services, the fiscal and distributional effects of increases in various Government payments, and the extent and depth of poverty and social exclusion. Most importantly, Chapter 6 updates the Productivity Commission's landmark 2013 report *Deep and Persistent Disadvantage in Australia* to provide a new baseline for understanding the task ahead.

**This 2026 report outlines what the Committee considers to be the areas where more action is required to give Australians the opportunity to participate and engage in society and to build a stronger safety net to assist people who need support.**

## ONE OF THE COMMITTEE'S ONGOING PRIORITIES IS TO REFLECT THE LIVED EXPERIENCE OF PEOPLE FACING SOCIAL EXCLUSION.

The Committee's research is therefore complemented with extensive consultations with people receiving social security payments. This year, the Committee heard from people receiving family payments and people engaging with the employment services system. You will find their insightful and sometimes frustrated comments throughout this report.

Given that Indigenous Australians are statistically more likely than other Australians to experience poverty, unemployment, and social exclusion, in December 2025 the Committee conducted a roundtable with the Coalition of Aboriginal and Torres Strait Islander Community Controlled Peak Organisations (the Coalition of Peaks) to discuss and establish a shared understanding of what economic inclusion means for Aboriginal and Torres Strait Islander people and communities. This identified important issues for this and future reports.

## PRIORITIES IDENTIFIED IN THIS YEAR'S REPORT INCLUDE:

- **Addressing the adequacy of income support payments, including JobSeeker and the Remote Area Allowance (RAA)** – Increasing the rate of working age payments to improve economic inclusion – this is the Committee's top priority and repeats calls made in previous reports. This year the Committee outlines in detail how this can be achieved in a fiscally responsible, staged fashion. The Committee also once again highlights the critical need for a substantial lift in the RAA.
- **Housing and rental stress** – While increases to the rates of Commonwealth Rent Assistance (CRA) in 2023 and 2024 reduced the extent and depth of housing stress, the situation has since deteriorated, and further increases are required.
- **Family Payments and Child Support** – The Committee calls for measures to address the high rates of child poverty occurring in low-income households, including restoring Parenting Payment Single (PPS) to parity with the Age Pension and Parenting Payment Partnered (PPP) to 90% of the Age Pension, restoring the maximum rate of Family Tax Benefit A (FTB A) to 2009 benchmarks, restoring the wage benchmarking of Family Tax Benefit (FTB), and undertaking further analysis on the costs of children and the adequacy of income support to ensure support is at appropriate levels. The Committee also calls for extensive

reforms to the collection of child support to ensure it is paid and to prevent the 'weaponisation' of the system by partners. Future reforms to family payments and child support should be guided explicitly by the principles of reducing child poverty and improving economic security for women.

- **Employment services reforms** – The Committee calls for the Government to commit to a timeframe for the creation of a new employment services system and to replace the current Targeted Compliance Framework (TCF) with a new and less punitive employment services system which upholds the right to social security and provides natural justice for people using the service. Reforms to the Disability Support Pension (DSP) rules should be implemented to encourage people capable of doing so to undertake more work, and reduction of taper rates should be considered.
- **Poverty measurement** – Poverty continues to afflict too many people in Australia and the lack of official poverty measures is inconsistent with Australia's egalitarian ethos and important international commitments.
- **Deep and persistent disadvantage** – This report contains new analysis highlighting how deprivation is significantly more extensive among people receiving income support than among Australia's population more generally. Deep social exclusion is most persistent for people in public housing, Indigenous Australians and those receiving income support payments.



## CHAPTER I: ADEQUACY OF PAYMENTS - JOBSEEKER AND REMOTE AREA ALLOWANCE

As the causes, profile and duration of unemployment changes, the Committee sees Australia's working age payments as no longer fit for their intended purpose of maintaining Australians in a decent standard of living while they look for employment.

The Committee calls for the base rates of JobSeeker and related working age payments to be substantially lifted to 90% of the Age Pension, to be achieved in four stages:

- 75% of the Age Pension on 20 September in Year One.
- 80% of the Age Pension on 20 September in Year Two.
- 85% of the Age Pension on 20 September in Year Three.
- 90% of the Age Pension on 20 September in Year Four.

To inform its deliberations, the Committee initiated two research projects.

### DEPARTMENT OF SOCIAL SERVICES MODELLING

The first research project asked the Department of Social Services (DSS) to model the fiscal cost and distributional outcomes of the suggested staged increase.

It found that by year four, 1.4 million payments recipients would receive an average increase in payments of \$202 per fortnight, at a cost of \$1.6 billion in year one, rising to \$6.6 billion by year four, and costing a total of \$16.4 billion over the four years. Raising JobSeeker in four stages, rather than one, lowers the introduction cost across the first four years by around \$8.8 billion.

**IT FOUND THAT THE DISTRIBUTIONAL EFFECTS WOULD BE PROGRESSIVE, FAVOURING YOUNG PEOPLE AND SINGLES MOST OF ALL – WHO HAVE BEEN LANGUISHING ON VERY LOW PAYMENTS FOR A LONG TIME.**

### AUSTRALIAN NATIONAL UNIVERSITY CENTRE FOR SOCIAL POLICY RESEARCH MODELLING

The second research project asked the Australian National University (ANU) Centre for Social Policy Research to examine: (1) the impact of the proposed phased changes on a broader set of distributional outcomes (including poverty rates and poverty gap measures); (2) the effect of the changes on the financial incentives for people to take up employment; and (3) the

fiscal cost of each stage of the increases. This second project modelled the same distributional, incentive, and fiscal effects of proposed increases in JobSeeker for people with a Partial Capacity to Work (PCW).

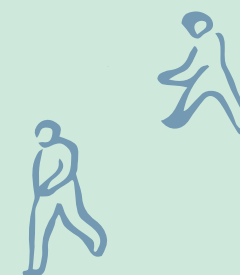
The work found that lifting JobSeeker and related payments to 90% of the pension for all who receive these payments would produce a major reduction in poverty, with the highest benefits flowing to those most in need, including those in remote Indigenous communities. It found that:

- Just over 103,000 people would be lifted out of poverty in year one, rising to nearly 320,000 in year four.
- For those remaining in poverty, the average gap between their income and the poverty line<sup>1</sup> would reduce by \$556 in year one and \$1,842 in year four.
- Some remote and very remote Indigenous communities would see a gain in annual household income in year four of well over \$3,000.
- The overall cost over four years was \$19.4 billion.<sup>2</sup>

<sup>1</sup> As discussed in Chapter 5, Australia does not currently have an official definition of poverty. For this report, ANU used half-median of equivalised household income.

<sup>2</sup> This cost is higher than that estimated by the Department of Social Services (DSS). There are 3 major drivers of the higher cost in the ANU modelling. The ANU modelling assumes costs over all quarters of the forward estimates while DSS misses most of one quarter. ANU's modelling estimates a larger increase in parenting payment recipients resulting from a higher income cut-out point. DSS estimates around 327,000 parenting payment single recipients while ANU estimates just over 351,000 by 2028/29. There are also expected to be differences in estimates from a survey-based microsimulation model and the DSS modelling based on administration data.

**The Committee calls for the base rates of JobSeeker and related working age payments to be substantially lifted and indexation arrangements improved.**



Improvements in the extent and depth of poverty were obtained for a much smaller number of people when the ANU modelling proposed (1) lifting payments to 90% of the Age Pension for those with PCW of less than 15 hours, and (2) lifting payments to 80% of the Age Pension for those with PCW between 15 and 22 hours. The cost of these changes was estimated at around \$10.6 billion over four years.

### INCREASING THE REMOTE AREA ALLOWANCE

Estimates examined by the Committee showed grocery prices are on average 40% higher in remote and very remote Australia than in major regional and capital cities, leading to food insecurity, poor nutrition, and hunger.

While the Government has moved to subsidise food in remote stores, which has lowered the cost of a basket of essential groceries, people still face higher living costs, particularly transport costs. The RAA has barely increased since its introduction in 1984 and is not subject to indexation. As a result, it has dramatically lost its purchasing power. The current single rate of the payment is only \$9.10 per week, the child rate is \$3.65 per week, and couples receive \$15.60 (combined) per week. Clearly, without necessary indexation and modernisation of its targeting, the RAA cannot hope to address its original intended purpose of meeting the higher cost of living for Australians on low incomes living in remote communities.

Because the overwhelming majority of RAA recipients are Indigenous Australians, lifting it would comprise a cost-effective means of reducing the financial distress experienced by some of Australia's most disadvantaged citizens.

## THE COMMITTEE THEREFORE REITERATES ITS RECOMMENDATION FROM ITS PREVIOUS REPORTS TO INCREASE AND REFORM THE RAA AND ESTABLISH A REMOTE AREA PRICE INDEX TO DETERMINE AN APPROPRIATE SYSTEM OF UPDATING THE PAYMENT.

### RECOMMENDATION 1

#### Substantially increase the base rates of JobSeeker and related working-age payments:

The Government commit to a substantial increase in the base rates of JobSeeker Payment and related working-age payments as a first priority.

### RECOMMENDATION 2

#### Commit to a timeframe for full increases in JobSeeker and related working-age payments:

If the increase is to be staged, commit to a timeframe for the full increase in JobSeeker and related working-age payments, drawing on the analysis undertaken for the Committee on potential staging of the base rate increase to the full amount over a four-year period for all people receiving JobSeeker and related working-age payments.

### RECOMMENDATION 3

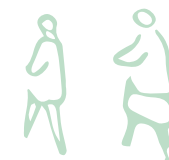
#### Improve indexation arrangements for working-age payments:

Adopt the indexation arrangements used for pensions for working-age payments. This would apply a "best-of-three" indices approach (Consumer Price Index, Pensioner and Beneficiary Living Cost Index, and Male Total Average Weekly Earnings benchmarks) to ensure working age payments keep pace with widely accepted measures of community living standards.

Estimates suggest that food prices are on average

## AROUND 40% HIGHER IN REMOTE AREAS

compared with capital cities.



## RECOMMENDATION 4

### Substantially lift the Remote Area Allowance:

- Substantially lift the Remote Area Allowance by indexing it in line with Consumer Price Index growth since its introduction in 1984, lifting the single rate to \$54.20 per fortnight.
- Fund the Australian Bureau of Statistics to develop a remote area index that will guide ongoing indexation of the Remote Area Allowance, in partnership with remote communities and informed by remote area costs data. Once developed, the payment should be benchmarked at a rate that reflects remote area costs and regular ongoing indexation to this new index applied.
- Review and adjust the payment's geographic boundaries to ensure it is available to people living in remote and very remote areas.

## CHAPTER 2: HOUSING AND RENTAL STRESS - COMMONWEALTH RENT ASSISTANCE

Chapter 2 assesses the effects of recent increases in CRA on levels of housing stress for Australians on low incomes.

The CRA provides additional assistance to help people receiving social security payments, including FTB, with their private rental costs.

### ONE OF THE AIMS OF THE CRA IS TO REDUCE THE HOUSING STRESS EXPERIENCED BY AUSTRALIANS.

The Australian Housing and Urban Research Institute (AHURI) defines a household as being in housing stress when its income level is in the bottom 40% of Australia's income distribution and they are paying more than 30% of their income in housing costs. As 91% of Australians who receive Government pensions and allowances are in the bottom 40% of income distribution, they are the Australians statistically most likely to experience housing stress. As many live well below 40% of the income distribution, particularly those on JobSeeker and Youth Allowance, their housing stress is often acute, even after receipt of the CRA.

Increases to benefit base payments and the CRA in 2023 and 2024 successfully reduced the extent and depth of housing stress, proving the payment can be an effective weapon against rising rents.

Since then, the situation has deteriorated noticeably. Since 2024 the CRA has increased by indexation only, failing to keep up with sharply rising rents. The result has been that between December 2024 and December 2025 the share of people paying 30% or more of their income in rent rose significantly – from 39.3% to 42.0%.

The situation is even worse for people receiving the lowest levels of benefits. In December 2025 after receiving CRA:

- More than 60% of people receiving JobSeeker were paying more than 30% of their income in rent.
- More than 75% of people receiving Youth Allowance (Student) were paying more than 30% of their income in rent.
- Around 60% of those receiving Youth Allowance (Other) were paying more than 30% of their income in rent.

### OF THE 1.4 MILLION RECIPIENTS OF CRA IN DECEMBER 2025, MORE THAN 240,000 WERE PAYING MORE THAN HALF THEIR INCOME IN RENT.



In addition to the Committee's priority recommendation of lifting JobSeeker and related payments, further increases are needed if the CRA is to meet its goal or reducing housing stress for Australians receiving Government payments.

The Committee also examined two other groups of Australians who commonly experience extreme housing stress and other accommodation-related problems.

The first group includes young people in receipt of Youth Allowance living in community housing, whose CRA amounts to just \$5.50 per week, as a result of unsatisfactory interactions between the low Youth Allowance payment and the income-based rent model for community housing.

The second group are Indigenous Australians whose housing issues go beyond rents to include a lack of housing stock, the poor quality and maintenance of their housing, and issues related to intergenerational ownership and tenure.

### RECOMMENDATION 5

#### **Increase Commonwealth Rent Assistance.**

As well as substantially increasing base rates of JobSeeker and related payments, the Government should further increase the rate of Commonwealth Rent Assistance and better reflect contemporary rents paid.

## CHAPTER 3: FAMILY PAYMENTS - IMPROVING AUSTRALIA'S SYSTEM OF FAMILY PAYMENTS TO REDUCE CHILD POVERTY

This chapter examines the financial aspects of child poverty in Australia and how Parenting Payment, FTB A, the Child Support Scheme, and JobSeeker can be better harmonised to improve the income, welfare, safety and independence of children and parents. The chapter (1) briefly addresses the extent of child poverty and family financial stress in Australia, (2) examines the adequacy of various payments and proposes lifting them to higher levels, and (3) proposes removing some of the rules that prevent families receiving their full payments and which force some parents - mainly women - to either avoid seeking payments or put themselves at risk of potential threat by doing so.

### THE EXTENT AND FEATURES OF CHILD POVERTY

An estimated 3.6 million Australians are living in poverty, including one million children and young people. Children are more likely to be in poverty than adult Australians.

Children from single-parent families are far more likely to experience poverty than those in couple parent families.

Overall, poverty rates, including child poverty rates, have not shifted substantially in the past decade after some larger shifts up and down in the ten years prior.

### FINANCIAL STRESS OF FAMILIES WITH CHILDREN

The chapter measures the financial stress of families with children and found that:

- JobSeeker and Parenting Payment recipients face the highest rates of financial stress in the Australian population - typically around 40% face severe financial stress - far higher than for other Government payment recipients.
- Child support receivers have high rates of financial stress - roughly similar to DSP recipients.
- Single parents have by far the highest rates of financial stress.

**An estimated 3.6 million Australians are living in poverty, including one million children and young people.**



## POVERTY SHORTFALLS

### **IN ADDITION TO THE PREVALENCE AND DISTRIBUTION OF CHILD POVERTY, THE COMMITTEE EXAMINED THE DEPTH OF POVERTY FOR FAMILIES WITH CHILDREN.**

In other words, the depth of poverty those households in which these children live are experiencing, and how does this affect their quality of life in practical ways? It did so using three forms of measurement:

- “Budget Standards” – how much a family with children needs to achieve a particular standard of living.
- “Cost of Children” – comparing family income requirements for couple families without children with those who have children.
- “Historical relativities” – comparing the current rate of family payments relative to the Age Pension with that being paid at three moments in the past: the Hawke era child poverty package (1987-89); the introduction of the Goods and Services Tax (GST) and related compensation package (2000); and the Harmer Review of Pensions (2009).

The main findings are:

- For single and couple families relying on income support as their main source of income, current family payments (FTB A and FTB B) are not sufficient to prevent children growing up in poverty.
- The size of the poverty shortfall for these families with one or two children is likely to sit above \$5,000 per annum.
- Current rates of FTB A and FTB B are between \$1,000 and \$2,000 below rates from the past 25 years relative to the couple rate of the Age Pension.
- For single parents relying on income support as their main income source, the interaction with the Child Support Scheme is highly consequential – single parents receiving reliable child support experience a lower poverty shortfall, whilst those who are unable to meet the Maintenance Action Test (MAT) experience a high poverty shortfall.
- For single and couple families working full time at the minimum wage or better, current payment levels appear modestly adequate.
- For couple families working limited part-time hours on low pay, payments are marginal and having enough money to cover the basics is a week-to-week challenge.
- Single parent families working limited part-time hours on low pay are likely to experience annual shortfalls of several thousand dollars.

## **IMPROVING THE INTERACTION OF THE FAMILY PAYMENTS SYSTEM AND THE CHILD SUPPORT SCHEME**

The Committee’s consultations with single parent families revealed how the problematic interaction between the family payments system (primarily FTB) and the Child Support Scheme contributed strongly to financial stress, poverty, and economic precarity among low-income families. This has several dimensions:

- System rules in the Child Support Scheme contribute to significant variability and uncertainty in household income, making it difficult to budget, commonly leading to the unintended accumulation of debts.
- The Child Support Scheme ties single parents to the financial circumstances of their ex-partners and results in a significant proportion of single parents bearing the financial risk of non-payment and the responsibility to follow up. These interactions in turn affect the eligibility and quantum of family payments single parents receive from the Government. This most commonly relates to FTB A but can also affect Parenting Payment and other income support entitlement and quantum.
- The Scheme also forces ongoing interaction between the former partners, which can be onerous, conflictual and sometimes dangerous.

**For single and couple families, current family payments are not sufficient to prevent children growing up in poverty.**

The size of the poverty shortfall for families with one or two children is likely to sit

**ABOVE \$5,000 PER ANNUM.**

A major problem is the weaponisation of the Child Support Scheme, whereby (a) one parent – usually a man – games the rules to avoid child support payments, or (b) a vulnerable parent – usually a woman, including family violence survivors – avoids seeking child support or enforcing payment for fear of violence or harm.

**THIS CAN RESULT IN THE PRIMARY CAREGIVER RECEIVING NEITHER CHILD SUPPORT NOR FTB A ABOVE THE INADEQUATE BASE RATE FORCING THE HOUSEHOLD INTO POVERTY.**

**LONGER TERM REFORM OF FAMILY PAYMENT**

The chapter also argues that the aims of Australia’s support system for families are out of date and need greater ambition. It proposes that the principles of the family payments system should be updated to include “poverty alleviation” and “economic security for women”.

**RECOMMENDATION 6**

**That the Government implement measures to address the high rates of child poverty occurring in low-income households, including specific measures to address the needs of low-income single parents. These measures should include:**

- Restoring the rate of Parenting Payment Single to parity with the Age Pension as was the payment design until 2009 and move the rate of Parenting Payment Partnered to 90% of the rate of the Age Pension in line with the Committee’s recommendation on the adequacy of working age payments.
- Delivering targeted support through Family Tax Benefit (FTB) by restoring the maximum rate of FTB Part A to relativities in place in 2009. For children 0-12 this would require an increase of \$43.30 per fortnight and for children 13+ an increase of \$56.10 per fortnight.
- Restoring wage benchmarking of FTB Part A to the married rate of pension and undertaking further analysis on the costs of children and adequacy of income support in order to set appropriate benchmarks for FTB Part A and Part B rates and ensure financial support maintains its value both in real terms over time and in relation to these benchmarks.

**RECOMMENDATION 7**

**The Government take a greater role in operating the Child Support Scheme to ensure that a child’s right to receive appropriate financial support from their parent living elsewhere is upheld. Measures should include:**

- Providing additional resources to the Australian Tax Office’s Lodgement Enforcement Program to investigate more child support cases and ensure more child support is paid.
- Defaulting to Agency Collect as the collection method for all new child support cases.



### RECOMMENDATION 8

The Government eliminate the perverse incentives existing within the Child Support Scheme and the family payments systems that financially reward family violence perpetrators and penalise victim survivors. Measures include:

- The Child Support Registrar be provided with the power to establish and collect upon child support assessments on behalf of a child, as appropriate and with regard to the safety of family violence victim survivors, in order to seek payments from a child's parent living elsewhere in cases where their resident parent has failed or is exempt from the Maintenance Action Test.
- Cease the retrospective application of the Maintenance Income Test in cases where the re-reconciliation of child support and FTB Part A would produce a retrospective FTB Part A debt.

### RECOMMENDATION 9

That the Government adopt reducing child poverty and improving economic security for women as explicit objectives for the family payments and child support systems and that these objectives should be included in the set of principles that guide future reforms.



## CHAPTER 4: EMPLOYMENT SERVICES REFORMS

Effective employment services can be a powerful policy lever for creating a more inclusive society.

**BUT AUSTRALIA'S EMPLOYMENT SERVICES SYSTEM HAS BECOME HARMFUL AND PUNITIVE. IT HAS BEEN BADLY UNDERPERFORMING FOR SOME TIME AND MAJOR REFORM IS NEEDED.**

Delayed for far too long, employment services reform must now become a national priority. The system needs to be made fit for the future and must be regarded as a necessary component of national economic reform.

The benefits to the nation of comprehensive reform of Australia's employment services are clear and have been spelt out in detail in several recent reports: the 2022 National Jobs and Skills Summit; the September 2023 White Paper on Full Employment; and the November 2023 report of the House of Representatives Review of the Workforce Australia Employment Services system. The Commonwealth Ombudsman also produced two reports in 2025 outlining maladministration in the TCF and widespread errors in provider decision making.

## IT IS BECOMING CLEAR THAT TODAY WORKFORCE AUSTRALIA HAS FEW DEFENDERS ACROSS GOVERNMENT, BUSINESS, AND THE COMMUNITY AND IT IS TIME IT WAS REPLACED.

Reforming Australia's employment services system would assist and accelerate the attainment of the Government's full employment and productivity goals while improving the employment opportunities and quality of life of Australians currently excluded from the workforce who are unable to share in the nation's increasing prosperity.

Testimony to the Committee from those with lived experience of Australia's existing employment services detailed how they are failing to provide the support needed to overcome multiple barriers to work, are insufficiently tailored to individual and community needs, constantly threaten payment suspensions that make life harder, offer poor engagement, and repeatedly fail to adequately connect people with potential employers.

The imperative for reform of employment services has risen significantly in recent times as employment performance has deteriorated:

- Unemployment has risen from 3.5% in September 2022 to 4.3% in February 2026.
- The participation rate has fallen from its historic high of 67.1% in September 2024 to 66.9% in February 2026
- Youth unemployment has reached 10%
- While the long-term unemployment rate is still at very low levels compared with rates over the past 20 years, it has risen slightly from a low of 0.6% in April 2023.

Despite costing more than \$2.3 billion per year, Workforce Australia's response to this worsening and fast changing employment market has been disappointing. Just 11.7% of Workforce Australia Services participants achieved a 26-week employment outcome in 2024-2025 – well below the official target of 15%.

Its services are frequently labelled by people required to use them as difficult to navigate, negative and hostile towards people who are unemployed, overly bureaucratic, inefficient, and unnecessarily punitive.

People engage with Workforce Australia in the hope they will be matched with decent jobs, but often end up disillusioned. For the people in need of help to gain a job, the system's failure is frustrating, heartbreaking and a betrayal of their dreams to return to work and achieve success.

With contracting deadlines for the Workforce Australia services fast approaching, reform is becoming an urgent priority and the heavy lifting must start in the May 2026 budget.

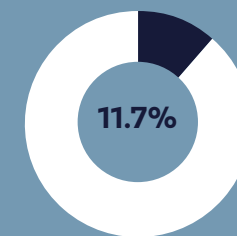
To advance this process, the Committee commissioned consultants Taylor Fry to undertake analysis on a potential funding model for a new employment services system. The main elements of the proposed improved system are:

- An improved service offer through better quality employment consultants with more time to spend supporting service participants
- An increased role for the Australian Public Service (APS) in delivering employment hubs
- An independent quality commission to drive service improvement.

### REFORMING THE TARGETED COMPLIANCE FRAMEWORK

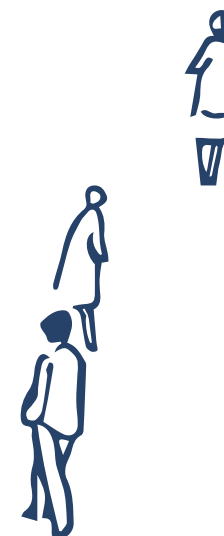
As it did in its 2024 Report, the Committee finds that aspects of the social security system have been excessively punitive over time, particularly its approach to participation and activation regimes and the accompanying reporting, surveillance and compliance processes.

More recent investigations into the TCF have found the system has not been working as it should and that people are having their payments suspended or even cancelled contrary to the law.



Just 11.7% of Workforce Australia Services participants achieved a 26-week employment outcome in 2024-2025.

This is well below the official target of 15%.



These findings have caused the Committee to move from its previous calls for reform of the TCF and call instead for a totally new approach that reorients the employment services system around the principle of positive engagement instead of punitive enforcement. Money now being spent on rectifying a broken system should instead be put towards building a fairer and more effective employment services system.

As a way forward, the Committee proposes a set of reforms to employment services – phased in over three horizons – to create higher quality services characterised by:

- Reduced caseload per case worker.
- Increased salaries to attract and retain higher quality staff.
- Hubs across 109 regions.
- An increased role for the APS in case managing high intensity participants.
- An increase in the time frontline workers spend with participants.

Modelling by Taylor Fry estimated the total cost of the reformed system to be between \$3.31 billion and \$4.65 billion – compared to the current cost of \$2.29 billion. While this is higher, Australia currently spends significantly less per participant than the Organisation for Economic Cooperation and Development (OECD) average and better quality services will result in savings from reducing the time that people receiving JobSeeker payments spend in the system.

## REFORMING THE DSP

The Committee believes that the current DSP settings are exacerbating the unemployment problem. There are too many barriers including arbitrary rules that suspend and ultimately cancel people’s payments if they work excess hours.

Several reforms would support people to move in and out of the workforce based on what works for them, not based on fear of losing the DSP.

- Removing the 30-hours of employment per week limit.
- Allowing people to suspend their DSP payments for up to ten years while they undertake work that exceeds the hours and earnings limits without having to requalify for the payment (currently the limit is two years).
- Extending the period people on the DSP can retain eligibility for the Pensioner Concession Card after re-entering the paid workforce to ten years.

## RECOMMENDATION IO

### Employment services system reforms:

The Government should implement a major reform of Australia’s employment services system, including by:

- Making public a roadmap and timeframe for reform and establishing Employment Services Australia.
- Reallocating resources within the existing system to support the most disadvantaged jobseekers.
- Agreeing a new funding and commissioning model.
- Trial relational contracting with providers and collaborative commissioning across departments and with other levels of government.
- Engaging key stakeholders in planning and implementing phasing, including participants with lived experience of employment services.



## RECOMMENDATION II

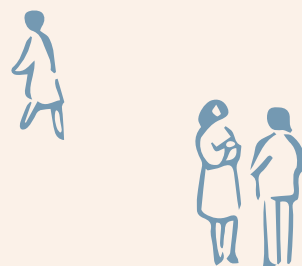
### Replacing the Targeted Compliance Framework:

- Immediately stop all Centrelink payment penalties, including suspensions, reductions and cancellations related to compulsory activities.
- End the Targeted Compliance Framework and move to a new employment services system which upholds the right to social security and provides natural justice for people using the service. As recommended by the Select Committee on Workforce Australia Employment Services, this should include trialing incentives to enhance positive engagement with employment services.
- Implement the Digital Protections Framework to protect people's basic human rights and ensure the system complies with administrative law principles.

## RECOMMENDATION I2

### Improving the Disability Support Pension:

- Remove the 30 hour per week work limit.
- Extend the DSP work related suspension period from two years to ten years. Extend access to the Pensioner Concession Card to the same period.
- As part of a wider review of taper rates across the income support system, consider reduction of taper rates as a longer-term priority.



## CHAPTER 5: POVERTY MEASUREMENT

### THE COMMITTEE ONCE AGAIN CALLS FOR THE CREATION OF OFFICIAL LEGISLATED POVERTY MEASURES TO FOCUS POLICY AND ASSESS PROGRESS TOWARDS A NATION FREE OF POVERTY.

The Committee's 2025 Report recommended the Government legislate the introduction of a dual monetary and multidimensional measure of poverty, provide the Australian Bureau of Statistics (ABS) with the necessary resources to collect and report on the data, and agree a period from which reporting will commence. The Committee repeats this recommendation in this report and stress its importance as a highly practical and affordable reform that will give great heart to the welfare sector.

Using the OECD framework for poverty measurement, the Productivity Commission estimated that around one in seven Australians experienced poverty in 2022 – the highest level since 2001.

While the Productivity Commission's estimate provides an extremely useful snapshot, the Committee believes that only an agreed, consistent, and ongoing measurement of poverty will enable the Government to understand its true nature and extent, the degree to which it is increasing or reducing, and how best to target policies, services, and funding to tackle it.

**Around one in seven Australians experienced poverty in 2022 – the highest level since 2001.**

Despite our reputation as a progressive and egalitarian country, Australia is one of the few developed nations lacking an official poverty measure, putting us at odds with our international responsibility under the United Nations Sustainable Development Goals.

## THE IMPERATIVE FOR ADOPTING OFFICIAL NATIONAL POVERTY MEASURES IS INCREASING.

As the global economy rapidly changes, the nature and extent of poverty is being speedily transformed and it is vital that Australia understands with greater precision what is happening.

Expert work is already underway. Important steps are being taken outside Government and at the ABS to determine the best ways to measure poverty. Half a century after the establishment of the Henderson Poverty Line, an overwhelming expert consensus has emerged in favour of both an income-based and multidimensional measures of poverty.

The quality and extent of official Australian data relating to poverty, combined with the significant poverty measurement expertise of Australian poverty researchers, give confidence that determining official poverty measures should not be difficult.

As well as guiding Government policy on social security payment rates, official poverty measures would also greatly assist the creation of a National Prevention and Early Intervention Framework to address inequality and improve social policy in Australia. The information official poverty measures would provide would benefit social security, child development, education, housing, and health policy, enabling them to work together far more effectively and efficiently.

Funding the ABS to collect and provide the necessary data, and to report on the monetary and multidimensional poverty measures is essential.

### RECOMMENDATION I3

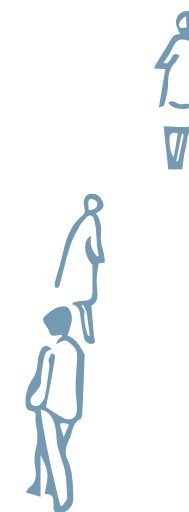
**The Committee reiterates its previous recommendations that the Government adopt official poverty measures for Australia to be reported upon annually – a monetary and multidimensional measure – and allocates sufficient resourcing to the Australian Bureau of Statistics for the necessary data.**

## CHAPTER 6: DEEP AND PERSISTENT DISADVANTAGE: AN UPDATE

This chapter describes the profile of the most disadvantaged groups in Australia by using recent longitudinal data from the Household, Income and Labour Dynamics in Australia (HILDA) survey analysed by the Melbourne Institute. In addition to investigating Australian income poverty, it examines the extent and persistence both of deprivation and of social exclusion. The chapter updates the landmark 2013 Productivity Commission report *Deep and Persistent Disadvantage in Australia* which analysed disadvantage between 2001 and 2010.

The main findings are as follows:

- The prevalence of most indicators of deprivation was stable or declining between 2014 and 2022.
- The extent of deprivation is significantly higher for people receiving income support than for the population generally, and the extent of multiple deprivation – lacking three or more necessary items because they couldn't be afforded – was more than twice as common for people receiving income support (10.7%) than for the general population (4.2%).



- In 2022, the extent of deep social exclusion – a score of two or more exclusions from seven key life domains comprising 28 indicators – was highest for the people who are unemployed (38.8%) and public housing tenants (36.5%), people receiving income support (20.5%), people with long-term health conditions (16.6%), people with low educational attainment (16.3%), sole parents (15.7%), and Indigenous Australians (15.5%), compared to 6.6% for the population as a whole.
- Rates of deep social exclusion increased most for people unemployed, people with low educational attainment and public housing tenants.
- Deep social exclusion is most persistent for people in public housing, Indigenous Australians, and those receiving income support, where between 20% and 30% are deeply excluded for four or more years.
- Changes in the labour market – reduced unemployment and greater educational achievement, reduced coverage of income support payments, and population ageing – have changed the composition of deep and persistent disadvantage, with the result that the share of older people and of men has increased, while the share of younger people and women has decreased.

The chapter supports growing calls for official national measures of poverty, proposes further research to determine in greater depth the locations of concentrated disadvantage, and supports further work into the best policies to reduce economic and social exclusion in Australia.

## CHAPTER 7: ASSESSMENT OF GOVERNMENT RESPONSES TO THE ECONOMIC INCLUSION ADVISORY COMMITTEE'S RECOMMENDATIONS

In its first three reports the Committee made a total of 40 recommendations, of which:

- 6 have been implemented in full.
- 23 are still live and have been implemented in part.
- 11 have not yet been advanced.

Three substantial, still live recommendations from reports 1 to 3 are advanced and updated in this 2026 report:

- In all three reports, the Committee has called for the Government to commit to a timeframe for full increases in JobSeeker and related payments if these increases are to be staged. (R3 2023, R2 2024, R2 2025) Recommendation 2 in this current report sets out four stages and models to cost of this action.
- In all three reports, the Committee recommends the Government commit to a full-scale redesign of Australia's employment services system to end harm caused by the compliance system. (R4 2023, R6 2024, R7 2025) Recommendation 10 in this current report calls for the full abolition of the Targeted Compliance Framework and its replacement with a model based on the principle of positive engagement, not punitive enforcement.

- Reports 1 and 2 (2023, 2024) the Committee called for reform of the way FTB A interacts with the Child Support Scheme. (R33 2023, R15 2024) Recommendation 8 of this report calls for a comprehensive modernisation of the objectives of the Family Payments and Child Support systems to guide further reform – these include reducing child poverty and improving economic security for women.



# ADEQUACY OF PAYMENTS: JOBSEEKER AND REMOTE AREA ALLOWANCE



1

## RECOMMENDATIONS

### RECOMMENDATION 1

#### Substantially increase the base rates of JobSeeker and related working-age payments:

The Government commit to a substantial increase in the base rates of JobSeeker Payment and related working-age payments as a first priority.

### RECOMMENDATION 2

#### Commit to a timeframe for full increases in JobSeeker and related working-age payments:

If the increase is to be staged, commit to a timeframe for the full increase in JobSeeker and related working-age payments, drawing on the analysis undertaken for the Committee on potential staging of the base rate increase to the full amount over a four-year period for all people receiving JobSeeker and related working-age payments.

### RECOMMENDATION 3

#### Improve indexation arrangements for working-age payments:

Adopt the indexation arrangements used for pensions for working-age payments. This would apply a “best-of-three” indices approach (Consumer Price Index, Pensioner and Beneficiary Living Cost Index, and Male Total Average Weekly Earnings benchmarks) to ensure working age payments keep pace with widely accepted measures of community living standards.

### RECOMMENDATION 4

#### Substantially lift the Remote Area Allowance:

- Substantially lift the Remote Area Allowance by indexing it in line with Consumer Price Index growth since its introduction in 1984, lifting the single rate to \$54.20 per fortnight.
- Fund the Australian Bureau of Statistics to develop a remote area index that will guide ongoing indexation of the Remote Area Allowance, in partnership with remote communities and informed by remote area costs data. Once developed, the payment should be benchmarked at a rate that reflects remote area costs and regular ongoing indexation to this new index applied.
- Review and adjust the payment’s geographic boundaries to ensure it is available to people living in remote and very remote areas.



## I.I INTRODUCTION

**Is the Australian social security system adequate enough to sustain the decent society we want? This central question about Australia’s welfare system was addressed by the McClure Review of 2015 which defined ‘adequacy’ as providing ‘income support recipients with sufficient support to ensure a basic standard of living in line with community standards.’**

The Committee’s answer to that question is no. It believes that JobSeeker and related working-age payments remain far too low, and it reiterates the findings of its previous three reports that their base rates should be raised to 90% of the Age Pension including supplements. In addition, in Chapter 3 the Committee recommends as an additional measure to lift PPS to parity with the Age Pension to address high rates of child poverty and the particular financial pressures facing single parents.

JobSeeker and related payments – Youth Allowance Student or Unemployed, PPP, Special Benefit, ABSTUDY – are not fit for purpose as income support, for two main reasons.

Firstly, the payments are financially inadequate – to the extent of causing unnecessary suffering and harm. The gap between unemployment payments and wages is now so large that anyone who loses paid work and goes on to JobSeeker experiences a substantial drop in income – either the largest or second largest in the OECD depending on housing costs. JobSeeker (single adult with supplements) is just 42% of the gross minimum wage and only 19% of average weekly earnings. Youth Allowance (away from home with supplements) is only 36% of the minimum wage. Compared to non-welfare recipients, poverty rates are around 5 to 7 times higher for working age welfare recipients.

Secondly, on average, people are spending longer on JobSeeker as the proportion of recipients with significant work limitations increases. Originally conceived as a short term and temporary payment to support people as they transition to work, JobSeeker is becoming a support payment for the long-term unemployed. As a result of making it much harder to access DSP, the share of people receiving JobSeeker who have PCW (especially those with capacity to work just 15 to 22 hours per week) increased from 75,000 in 2012-13 to around 290,000 today. Since 2012-13, the proportion of people on JobSeeker for more than five years has increased from around 20% to 30%. While someone who is out of employment can reasonably be asked to tighten their belt temporarily, they can’t be expected to live in poverty for years on end without serious consequences for their physical and mental health and their capacity to re-enter the workforce.

## **THIS MAKES THE PAYMENT INCREASINGLY UNSUITED TO CONTEMPORARY LABOUR MARKET CIRCUMSTANCES.**

This change in the profile of those who receive JobSeeker reflects several factors. First, a combination of policy changes have moved people who would previously have been eligible for the more adequate DSP onto JobSeeker.<sup>1</sup> Second, the lifting of the age of access to the Age Pension has also meant people who are no longer able to participate in paid work due to poor health and ageing are having to rely on JobSeeker for longer. Third, and as discussed in Chapter 4, changes to the employment services system are likely to have contributed to a failure to reduce longer term unemployment.

What is needed is a payment that provides adequate long-term income support for a population, a large proportion of whom face significant barriers to work and earning an adequate income. Working-age payments in Australia need to be sufficient to cover people’s needs and ensure they do not fall into deep financial stress when they do not have paid work.

<sup>1</sup> Social Policy section, *Working-age income support recipients*, Parliament of Australia, Canberra, 17 July 2025, p. 7, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_departments/Parliamentary\\_Library/Research/Policy\\_Briefs/2025-26/Working-ageincomesupportrecipients](https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Research/Policy_Briefs/2025-26/Working-ageincomesupportrecipients).

Since 2012-13, the proportion of people on JobSeeker for more than 5 years has

**INCREASED FROM AROUND 20% TO 30%.**



In its 2025 Report, the Committee found that the best way to address the shortcoming of JobSeeker would be to lift it and related working-age payments to 90% of the Age Pension including supplements. It further recommended that if that was to happen in stages, the Government should commit to a timeline for such staged increases. For this report, the Committee commissioned modelling of the impacts from an increase in JobSeeker to 90% of the Age Pension (with related working-age payments being raised commensurately) in four stages that would raise JobSeeker and related working-age payments to:

- 75% of the Age Pension on 20 September in Year One.
- 80% of the Age Pension on 20 September in Year Two.
- 85% of the Age Pension on 20 September in Year Three.
- 90% of the Age Pension on 20 September in Year Four.

The Committee commissioned two projects to model the impacts of this phased approach.

The first project asked DSS to model the fiscal cost and distributional outcomes of the suggested staged increases.

The second project asked the ANU Centre for Social Policy Research to examine (1) the impact of the proposed phased changes on a broader set of distributional outcomes (including poverty rates and poverty gap measures), (2) the effect of the changes on the financial incentives for people to take up employment, and (3) the fiscal cost of

each stage of the increases. This second project also analysed the same set of consequences from an immediate set of increases in JobSeeker for individuals with a partial capacity to work.

## I.2 ADEQUACY

### I.2.1 INTRODUCTION

As noted in previous reports, the most comprehensive recent review of payment adequacy in Australia was the Harmer Pension Review of 2009.<sup>2</sup> The Harmer Review analysed the adequacy of pensions, including relativities between household types – notably those living alone and couples. It also considered supplementary assistance for those with higher housing costs in the private rental market.

The Harmer Review analysed:

- The purchasing power of payments (trends in their real value over time).
- The value of payments relative to earnings over time – Male Total Average Weekly Earnings (MTAWE) and the National Minimum Wage.
- Budget standards – that specify the detailed costs of purchases needed to sustain an adequate living standard
- Income poverty measures (the 1/2 median-income measure and the Henderson Poverty Line).
- International comparisons with levels in other OECD countries.
- Measures of wellbeing.

<sup>2</sup> J Harmer, *Pension Review Report*, Department of Families, Housing, Community Services and Indigenous Affairs, Canberra, 2009.

The Harmer Review concluded that no single measure or benchmark on its own could determine payment adequacy and that informed judgement required the analysis of a range of measures – a conclusion shared by the Committee. The Committee has therefore, where possible, replicated the measures used in the Harmer Review, adding more up-to-date measures, including by commissioning new research in previous years on different aspects of adequacy.

Research commissioned from the ANU Centre for Social Policy Research for this report provides extra perspectives on adequacy to what the Committee has previously presented. First, the research finds that over time each of the Parenting Payment, JobSeeker and DSP have had the highest poverty rates. Compared to non-welfare recipients, poverty rates are around five to seven times higher for working age people receiving income support.<sup>3</sup> Second, people receiving JobSeeker now have the lowest level of mental health of any group receiving income support and over the past decade their level of mental health has declined by about 12% (see Figure 1.1).

<sup>3</sup> B Phillips, 'Increasing adequacy of JobSeeker and related welfare payments: Modelling Policy Options', POLIS: The Centre for Social Policy Research, Australian National University, Working Paper No.1/2026, Figures 7 and 8.

People receiving JobSeeker and related payments in 2023 were

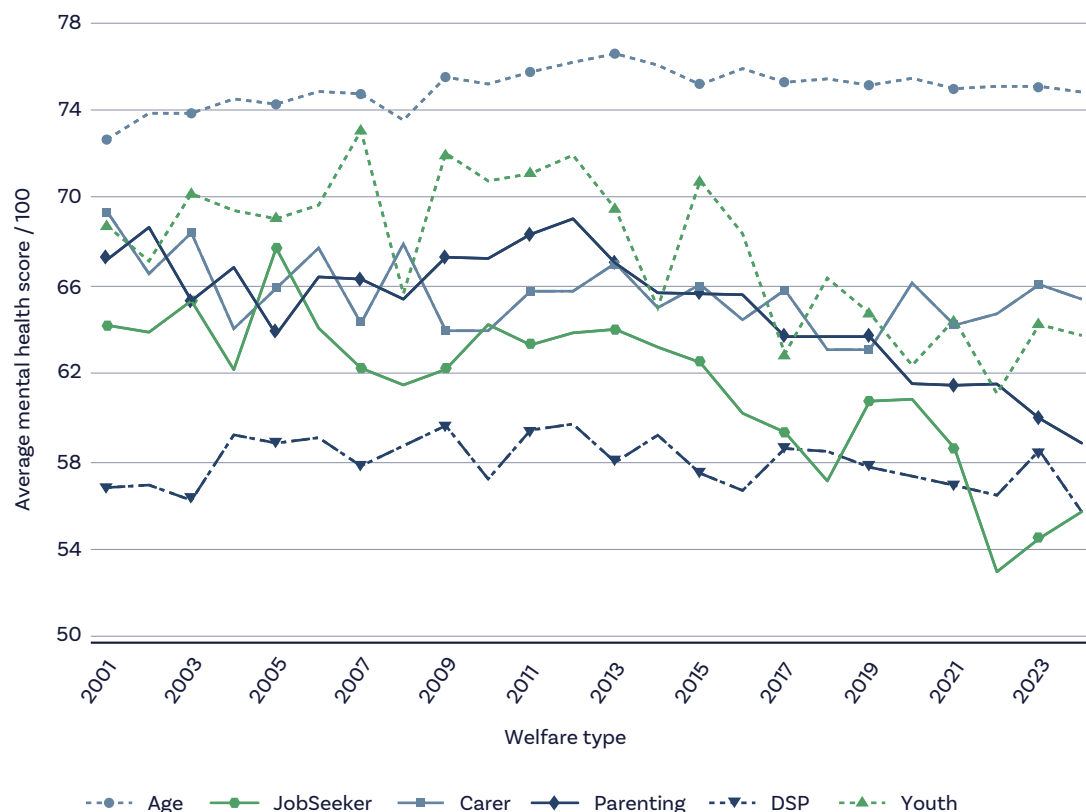
**FIVE TO SEVEN TIMES MORE LIKELY TO BE IN POVERTY.**

Over the past decade, the level of mental health of people receiving JobSeeker has

**DECLINED BY ABOUT 12%.**



**FIGURE 1.1: MENTAL HEALTH SCORES FOR INCOME SUPPORT RECIPIENTS, 2001 TO 2024**



In its 2025 Report, the Committee presented a variety of perspectives on the adequacy of JobSeeker and related working-age payments which remain relevant to this discussion. That research showed a consistently large gap between payments and minimum benchmarks for adequacy and demonstrated the long-term social and economic benefits to be gained from narrowing or removing that gap.

• **Study 1: Budget standards.** The Committee commissioned research from the University of New South Wales (UNSW) on budget standards. Budget standards estimate how much money a household or family needs to achieve a specified standard of living in a particular place at a specified time. The research found that payment rates in 2024 fell well short of the estimated budgets for private renters

in capital cities, ranging between 69% of estimated needs for singles, to 86% for couples with no children and single parents with one child. Public housing tenants were closer to the estimated budget standard, primarily because their housing costs are so much lower.

- **Study 2: Impacts on individuals.** The Committee commissioned research from Mandala Partners on a broad set of impacts from increasing JobSeeker to 90% of the Age Pension: their productivity, length of working life, mental health, healthcare use, and contact with the criminal justice system. Substantial benefits were found for each of these categories – with an overall estimated return to society of 24 cents for every extra dollar of JobSeeker expenditure. That return is in addition to the direct benefit to people on JobSeeker from a higher level of payment. According to Mandala Partners, the estimated benefits of the selected outcomes are approximately double the potential ‘cost’ of reduced work incentives.
- **Study 3: Financial adequacy.** The report presented a summary of findings from a joint UNSW/Australian Council of Social Service (ACOSS) study on the financial adequacy of JobSeeker payments. Amongst other findings, the report found that people on JobSeeker are around five times more likely to lack two or more essential items than the general population (45% vs 9%) and that people receiving JobSeeker are 14 times more likely than others to lack a substantial meal at least once a day.

Source for Figure 1.1: B Phillips, ‘Increasing adequacy of JobSeeker and related welfare payments: Modelling Policy Options’, (Working Paper No. 1 2026), POLIS: The Centre for Social Policy Research, Australian National University



“I FIRST LOST MY JOB WHEN I WAS PREGNANT WITH MY SON, AND HE’S ABOUT TO TURN 23 ... [I’VE NEEDED TO ACCESS INCOME SUPPORT PAYMENTS MULTIPLE TIMES SINCE THEN] AND THE RATE HASN’T INCREASED A SIGNIFICANT AMOUNT... IF IT’S A SAFETY NET YOU SHOULD BE ABLE TO PAY FOR YOUR RENT, YOU SHOULD BE ABLE TO PAY FOR YOUR BILLS YOU SHOULD BE ABLE TO PAY FOR THE BASIC FOOD. I’M NOT TALKING ABOUT GOING OUT FOR STEAK DINNERS OR WHATEVER, BUT YOU SHOULD BE ABLE TO PAY FOR THE BASICS. YOU SHOULD BE ABLE TO PAY FOR YOUR FUEL FOR YOUR CAR ... THAT MEANS THAT YOU’RE NOT SITTING THERE COMPLETELY STRESSED OUT. I KNOW THAT WHEN I GET STRESSED LIKE THAT THERE’S NO WAY THAT I CAN GO OUT AND FIND A JOB.”

Rebecca, JobSeeker Payment recipient

“I KNOW WHEN I WAS SPEAKING TO SOME OF MY FRIENDS THAT WERE ON JOB SUPPORT OR PEOPLE THAT WERE IN THE PAST, THEY’VE MADE CHOICES BETWEEN EATING OR NOT EATING BECAUSE IT MEANS THEY MIGHT NOT HAVE FUEL TO GO LOOK FOR WORK OR DO SOMETHING.”

Olivia, JobSeeker Payment recipient

### 1.2.2 RECENT CHANGES IN PAYMENTS AND BENCHMARK RATES

The Government responded to the recommendations of the Committee’s 2023 Report with a range of measures in the 2023-24 Budget, the White Paper on Jobs and Opportunities, and the Targeting Entrenched Disadvantage Package.

The Government also responded to the Committee’s 2024 Report in the 2024-25 Budget. This included an increase in maximum rates of CRA by a further 10%, building on the 15% increase in September 2023. Combined with indexation, these measures took maximum rates of CRA to 45% higher than in May 2022. The 2024-25 Budget also extended the higher rate of JobSeeker Payment and Energy Supplement to single recipients with PCW of 0 to 14 hours per week, providing an additional \$71.20 a fortnight on 20 September 2024 (including indexation).

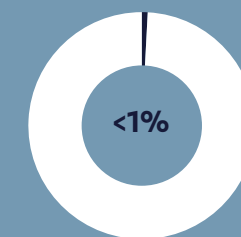
This change benefited 4,700 people – less than 1% of people receiving JobSeeker. The Government’s Budget response to the Committee’s 2025 Report was minimal.

### IN SUMMARY, THERE HAS BEEN SOME PROGRESS IN INCREASING PAYMENT ADEQUACY, BUT IT HAS BEEN LIMITED.

The single rate of JobSeeker plus supplements has been increased from 66% to 68% of the single rate of Age Pension plus supplements since March 2023. But the failure to provide an increase in the 2025-26 Budget and the continuing differences in the indexation provisions applying to pensions and JobSeeker mean that in the period to January 2026 the gap actually increased slightly – falling from 69% to 68% of the rate of Age Pension plus supplements. So long as working age payments are not increased in real terms and the indexation mechanisms are not changed then the gap will widen.

Table 1.1 summarises the main changes that have been made to payment rates since the Committee’s 2024 Report. It does this by comparing the level of payments that applied in March 2023 to those applying at January 2026. This captures: (1) changes introduced in the 2023-24 and 2024-25 Budgets; (2) twice yearly indexation (which is applied in March and September); and (3) annual indexation of the Youth Allowance (which is applied in January). A small additional improvement resulted from the \$40 per fortnight increase being added to the base for indexation purposes in September 2023.

The 2024-25 Budget extended the higher rate of JobSeeker Payment and Energy Supplement to single recipients with PCW of 0 to 14 hours per week.



This change benefited 4,700 people – less than 1% of people receiving JobSeeker.



These data show that the single rate of JobSeeker increased by 14.5% in this period, or slightly less by 14.3% when including the Energy Supplement (which is not indexed). For couples – whose lower payments were also increased by \$40 per fortnight, plus indexation – the increase was higher at 15.1% (14.9% including supplements). For young people receiving Youth Allowance at the independent rate including supplements, the increase has been 20.1%, including the indexation increase in January 2026.

The two largest absolute and percentage increases are: (1) for people aged 55 to 59 who have received JobSeeker for at least nine months, who were made eligible for the higher rate previously only applying to those aged 60 and over receiving payments for nine months or more; and (2) for single parents with a youngest child aged eight to 14 years, who were moved onto PPS and who also received higher supplementary payments. The increases for these groups were 23.4% and 38.7%, respectively.

Table 1.1 also shows that the single rate of Age Pension plus the Pension and Energy Supplements increased by 10.8% in this period. Because of the difference in indexation, the gap between JobSeeker and Age Pension plus supplements has increased in dollar terms from \$362.10 per fortnight to \$376.30 per fortnight. The single rate of JobSeeker plus the Energy Supplement has increased from 66% to 68.1% of the Age Pension rate plus supplements.

MTAWE has increased by 9.1%, slightly more than inflation (8.9%).<sup>4</sup> The ABS Wage Price Index has increased by a total of 9.7% over this period. The Pensioner and Beneficiary Living Cost Index (PBLCI) has increased by 9.6%, while the Age Pensioner Living Cost Index (APLCI) increased slightly less by 9.0%, so that pensioners – but not people on JobSeeker – have benefited from the greater increase in the Other Transfer Recipient Living Cost Index (OTRLCI), which has increased by 10.5%. The Henderson Poverty Line increased by 14.5% between March 2023 and September 2025.

### **THE GAP BETWEEN JOBSEEKER AND THE GROSS MINIMUM WAGE HAS WIDENED BY 18.9% DUE TO INCREASES IN THE MINIMUM WAGE.**

<sup>4</sup> In addition, the periods used for benchmarking differ from the period used for indexation. On 20 March payments are normally indexed by the movement in the CPI over the 6 months from the previous June to the previous December. On 20 September payments are normally indexed by the movement in the CPI over the 6 months from the previous December to the previous June. For benchmarking, the following MTAWE figures are normally used: on 20 March each year, the MTAWE figure for the previous November, and on 20 September each year, the MTAWE figure for the previous May.

The gap between JobSeeker and the net minimum wage is smaller in dollar terms, but has increased by 20.7%, reflecting the rises in the minimum wage, the income tax cuts from July 2024, and the increases in the Superannuation Guarantee from 10.5% to 12.0% over the period. As a result, the current rate of JobSeeker for a single adult is only 43% of the net full-time minimum wage (including superannuation), so that a person moving into full-time work at the minimum wage would more than double their disposable income and increase their superannuation savings. It is also important to note that the Fair Work Commission estimated in 2024 that less than 0.7% of employees receive the national minimum wage, while 20.5% are covered by award wages, which will provide higher gross and net wages.<sup>5</sup>



<sup>5</sup> Fair Work Commission, *Annual wage review 2024* FWCFB 3500, [2024fwcfb3500.pdf](https://www.fwc.gov.au/publications/2024fwcfb3500.pdf); J Tomlinson, *Characteristics of employees on the National Minimum Wage*, Fair Work Commission Research Report No 1/2024, February 2024.

**The current rate of JobSeeker for a single adult is only 43% of the net full-time minimum wage (including superannuation)**

**TABLE I.I: CHANGES IN PAYMENT RATES AND BENCHMARKS, MARCH 2023 TO JANUARY 2026, \$ PER FORTNIGHT**

	MARCH 2023 (\$)	JANUARY 2026 (\$)	% CHANGE
Single Adult JobSeeker	693.10	793.60	14.5
Single Adult JobSeeker with Supplements	701.90	802.40	14.3
JobSeeker Couple (each)	631.20	726.50	15.1
JobSeeker Couple (each) with Supplements	639.10	734.40	14.9
Youth Allowance (away from home)	562.80	677.20	20.3
Youth Allowance (away from home) with Supplements	569.80	684.20	20.1
Single parent, JobSeeker, child 14+	745.20	849.90	14.0
Single parent, JobSeeker, child 14+ with Supplements	761.30	866.40	13.8
Single parent, child 8-13	745.20	998.20	34.0
Single parent, child 8-13 with Supplements	761.30	1,046.50	37.5
JobSeeker 55-60 (After 9 months)	693.10	849.90	22.6
JobSeeker 60+ (After 9 months)	745.20	849.90	14.0
Age Pension Single	971.50	1,079.70	11.1
Single Age Pension with Supplements	1,064.00	1,178.70	10.8
Parenting Payment Single, child<7	922.10	998.20	8.3
Rent Assistance Single	157.20	215.40	37.0
Rent Assistance Couple	148.00	203.00	37.2
Remote Area Allowance Single	18.20	18.20	0
Gap 1 - to Age Pension	362.10 (66.0%)	376.30 (68.1%)	3.9
Gap 2 - to gross minimum wage	923.30 (43.2%)	1,093.80 (42.3%)	18.5
Gap 3 - to net minimum wage (plus superannuation)	885.65 (44.2%)	1,068.87 (42.9%)	20.7

Note: Gap 1 is the difference between the Single Adult rate of JobSeeker and the Age Pension (both including supplements); Gap 2 is the difference between the Single Adult rate of JobSeeker (including supplements) and the gross minimum wage. Gap 3 is the difference between the Single Adult rate of JobSeeker (including supplements) and the after-tax minimum wage plus the Superannuation Guarantee.



**TABLE I.I: CHANGES IN PAYMENT RATES AND BENCHMARKS, MARCH 2023 TO JANUARY 2026, \$ PER FORTNIGHT (CONTINUED)**

	MARCH 2023 (\$)	JANUARY 2026 (\$)	% CHANGE
<b>ADDITIONAL MEASURES</b>			
MTAWE (May 2023 to May 2025)	3,281.80	3,581.80	9.1
Wage Price Index (March 2023 to September 2025)	144.30	158.30	9.7
National Minimum Wage (Adult outside award/agreement)	1,625.20	1,896.00	16.7
Relative poverty line 50% of median equivalised disposable income	973.00		
<b>Henderson poverty line Before and After Housing Costs</b>	<b>BHC (AHC)</b>	<b>BHC (AHC)</b>	
Single			
Head in workforce	1,205.87 (811.50)	1,381.00 (929.40)	14.5
Head not in workforce	977.74 (583.43)	1,119.80 (668.20)	14.5
Consumer Price Index (CPI)	92.08	100.32	8.9
PBLCI	91.76	100.13	9.6
Age Pensioner Living Cost Index (APLCI)	91.76	100.13	9.0
OTRLCI	90.54	100.13	10.6



## I.3 THE FISCAL AND DISTRIBUTIONAL IMPACTS OF A STAGED INCREASE IN JOBSEEKER – DSS MODELLING

### I.3.1 MAIN FINDINGS

DSS analysed the impacts of a staged increase in JobSeeker to 90% of the Age Pension including supplements, with the results presented in Table 1.2.

The major findings can be summarised as follows:

- Around 625,000 JobSeeker recipients (1.2 million income support recipients in total) would receive an increase in their payment in year one with a rise in JobSeeker to 75% of the Age Pension. That increases to 750,000 (1.4 million) in year four.
- The average fortnightly increase for JobSeeker Payment is just under \$43 after the increase in year one, rising to an estimated increase of around \$202 per fortnight by year four.
- The direct fiscal cost of an increase in JobSeeker to 75% of the Age Pension in year one is estimated to be \$1.6 billion. The cost of the increase across four years is estimated to be around \$16.4 billion (with an extra annual cost of \$6.6 billion by year four). Taking account of estimated extra tax revenue due to the higher level of JobSeeker, the cost across four years is \$15.5 billion.
- Raising JobSeeker in four stages, rather than one (in year one), lowers the cost across four years by around \$8.8 billion.

**TABLE I.2: ESTIMATED IMPACTS OF A STAGED INCREASE IN JOBSEEKER (AND RELATED WORKING-AGE PAYMENTS) ON COSTS OF INCOME SUPPORT**

	\$ MILLION				
	Year 1	Year 2	Year 3	Year 4	Total*
Cost for recipients based on current payment level	1,600	3,300	4,800	6,500	16,200
Costs for extra recipients due to higher payment level	10	30	60	80	180
<b>Total expense</b>	<b>1,600</b>	<b>3,300</b>	<b>4,800</b>	<b>6,600</b>	<b>16,400</b>
Tax increases	-100	-200	-200	-400	-900
<b>Total cost (Expenses minus tax increases)</b>	<b>1,500</b>	<b>3,100</b>	<b>4,600</b>	<b>6,200</b>	<b>15,500</b>

- The increase in JobSeeker is estimated to result in around 10,000 additional income support recipients in year one, rising to 30,000 by year four. This is due to an increase in cut-off points that occurs as a result of the proposed increases in JobSeeker. These additional recipients would increase costs by \$180 million over the four-year period (included in the estimated impact on total costs).

### I.3.2 MODELLING ASSUMPTIONS

DSS modelling was undertaken using the 2025-26 Budget version of the Policy Evaluation Model (PoEM). PoEM contains 100% of the Services Australia payment population as at 18 May 2023. That population is forecast over the forward estimates period consistent with DSS's Budget 2025-26 projections. PoEM simulates the policy proposal at a family level and compares it with the current policy settings to produce a financial impact for all individuals and households.

The key element of the policy proposal modelled is the staged increase in JobSeeker (and related working-age payments) to 90% of the Age Pension over a four-year horizon. Relativities are defined using the Total Typical Rate (the basic rate including standard supplements for the given payment cohort).

As an example, the single rate for JobSeeker is adjusted as follows: all single rates of JobSeeker Payment are set as a proportion of the single rate of the Age Pension (including supplements). An initial increase to 75% is applied on 20 September in year one, with a further 5 percentage point increase on 20 September each year until reaching 90% in year four.

Source for Table 1.2: Department of Social Services, 'Revised modelling – Increase to Working-Age Payments December 2025', Economic Inclusion Advisory Committee Paper, 2025, Table A1.

Note: Totals may not add up due to rounding.



In making the forecasts, working-age payments are assumed to be tied to pensions. That is, working-age payments implicitly adopt the indexation arrangements for pensioners, which applies the “best-of-three” indices (CPI, PBLCI, and MTAWA).

### 1.3.3 DISTRIBUTIONAL CONSEQUENCES OF AN INCREASE IN JOBSEEKER

Average impacts by payment type are shown in Table 1.3.

**THE PROPOSED REFORM WOULD HAVE THE LARGEST POSITIVE IMPACT ON PAYMENTS FOR PEOPLE ON JOBSEEKER AND AUSTUDY AND THE SMALLEST FOR PARENTING PAYMENT RECIPIENTS.<sup>6</sup>**

<sup>6</sup> In the DSS modelling the partnered rates of JobSeeker Payment and Parenting Payment Partnered are set to the higher of the current rate or the proportion of the couple rate of the Age Pension (including supplements), at each stage of the scheduled increases. This approach aligns relativities between partnered and single rates for working-age payments to those for pensions. Based on this approach, partnered rates of JobSeeker Payment and Parenting Payment would be held at their current levels until the 85% increase was applied in the third year. This explains the increase between years one and four in the number of individuals receiving JobSeeker who benefit.

**TABLE 1.3: AVERAGE IMPACTS BY PAYMENT TYPE, YEARS 1 AND 4**

	Year 1		Year 4	
	Number	Average increase per fortnight (\$)	Number	Average increase per fortnight (\$)
Austudy	26,800	45.20	32,900	204.90
Disability Support Pension	27,200	37.30	29,500	163.20
JobSeeker Payment	625,200	42.90	745,800	201.50
Parenting Payment Partnered	1,000	11.30	61,700	61.90
Parenting Payment Single	321,200	71.30	327,000	131.10
Youth Allowance (Other)	78,700	42.00	72,700	181.90
Youth Allowance (Student)	140,200	42.70	158,100	181.00

The DSS modelling finds that average increases in payments are similar across age groups and similar between groups who are long-term recipients, have partial work capacity, or are in both or neither of those categories. Major categories where modelling reveals different size increases in payments are between singles and couples – as shown in Table 1.4. The size of the increase is much larger for singles than other categories.

**TABLE 1.4: IMPACTS BY FAMILY TYPE BY CHANGE IN TRANSFER INCOME**

	Year 1		Year 4	
	Number of families	Average change per family per fortnight (\$)	Number of families	Average change per family per fortnight (\$)
Couple	7,055	12.04	79,518	75.37
Couple with children	52,677	51.24	139,596	114.78
Single	710,317	59.56	717,628	225.29
Sole parent	425,151	80.67	427,036	145.73

Note: ‘Number’ is the estimated number of people affected in an average fortnight.

‘Payment types’ reported are those with highest numbers affected and excludes FTB A and B and Special Benefit.

Source for Table 1.3: Data provided by DSS

Note: Includes only families with an increase in transfer income from proposed changes. DSS modelling estimates 74 families would experience a decrease in transfer income in year one and 93 families in year four.

Source for Table 1.4: Data provided by DSS

## I.4 DISTRIBUTIONAL AND FISCAL IMPACTS OF A STAGED INCREASE IN JOBSEEKER – MODELLING BY ANU CENTRE FOR SOCIAL POLICY RESEARCH

### I.4.1 FISCAL AND DISTRIBUTIONAL IMPACTS

The ANU Centre for Social Policy conducted research analysing the fiscal and distributional impacts of a staged increase in JobSeeker to 90% of the Age Pension including supplements. The results are presented in Table 1.5.

**TABLE 1.5: FISCAL AND DISTRIBUTIONAL IMPACTS OF A STAGED INCREASE IN JOBSEEKER (AND RELATED WORKING-AGE PAYMENTS)**

		YEAR 1	YEAR 2	YEAR 3	YEAR 4
	<b>Fiscal Cost \$B</b>	2.2	4.0	5.7	7.4
<b>POPULATION OF ALL PEOPLE</b>	Poverty Rate (Base) %	13.15	13.14	13.18	13.32
	Poverty Rate (New) %	12.79	12.37	12.2	12.24
	Decrease in people in poverty	103,345	220,898	288,271	319,890
<b>AVERAGE GAINS BY QUINTILE IN HOUSEHOLD DISTRIBUTION OF INCOME (\$PA)</b>	Income Q1	289	522	747	997
	Income Q2	458	798	1084	1396
	Income Q3	149	263	384	454
	Income Q4	79	133	188	234
	Income Q5	13	22	34	42
<b>PEOPLE RECEIVING ALLOWANCES</b>	Poverty Rate (Base) %	36.6	36.1	36.4	36.2
	Poverty Rate (New) %	35.5	32.5	28.8	25.4
	Decrease in people in poverty	12,000	39,580	84,329	123,801
	Average Poverty Gap (Base) \$pa	-5,336	-5,455	-5,631	-4,692
	Average Poverty Gap (New) \$pa	-4,780	-4,377	-4,044	-2,850

Note: (i) Allowances – Includes people receiving JobSeeker, YA, PPP and ABSTUDY. Does not include Parenting Payment Single. (ii) Poverty is calculated on a household basis (based on equivalent disposable income) and then converted from the household level to individual level for reporting on impacts at that level.

Source for Table 1.5: B Phillips, 'Increasing adequacy of JobSeeker and related welfare payments: Modelling Policy Options', (Working Paper No. 1 2026), POLIS: The Centre for Social Policy Research, Australian National University, 2025, Table 1 extract.

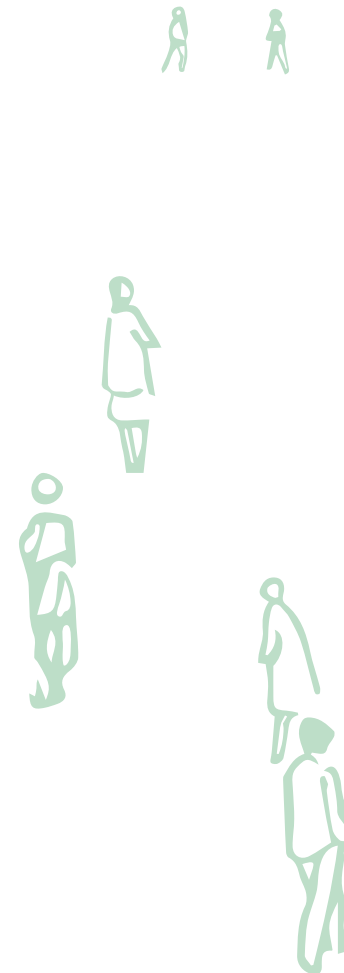


**THE PROPOSAL WOULD PRODUCE  
A MAJOR REDUCTION IN POVERTY  
AND THE HIGHEST BENEFITS WOULD  
FLOW TO THOSE MOST IN NEED,  
INCLUDING THOSE IN REMOTE  
INDIGENOUS COMMUNITIES:**

- i. The number of people living in poverty would be lower by 103,345 in year one and 319,890 in year four, compared to if JobSeeker was only increased via CPI indexation. (Note that the decrease in the total number of people living in poverty is larger than the decrease in the number receiving allowances living in poverty due to people receiving allowances living in households with multiple other members. That is, both the person receiving an allowance, and other household members, can be shifted out of poverty by an increase in the household's income).
- ii. The poverty rate for people receiving JobSeeker would fall from 36.6% to 35.5% in year one, and from 36.2% to 25.4% in year four.
- iii. The average income gap between the poverty line and average income of people receiving JobSeeker whose income is below the poverty line would fall in year one from \$5,336 per annum to \$4,780 per annum, and in year four from \$4,692 to \$2,850.

- iv. Income gains would be highly concentrated on low-income households – for example, a household in the bottom quintile would get an income gain in year four of \$997 per annum compared to \$42 per annum for a household in the top quintile.
- v. The most substantial impacts would occur in remote and very remote Statistical Area Level 3 (SA3s) with the largest impact in regions with mainly Indigenous populations. For example, Daly-Tiwi-West Arnhem SA3 has the largest annual average household gain of \$3,124, closely followed by East Arnhem at \$3,054.

The proposal has an indicative cost of around \$19.4 billion across the forward estimates (four years).



**A household in the bottom quintile would get an income gain in year four of \$997 per annum compared to \$42 per annum for a household in the top quintile.**

## I.4.2 THE IMPACT ON EFFECTIVE MARGINAL TAX RATES

**THE COMMITTEE HAS IN PREVIOUS REPORTS DESCRIBED HOW THE CURRENT LEVEL OF JOBSEEKER CAN ACT AS A BARRIER TO GAINING WORK – DUE TO THE CORROSIVE LONG-TERM PSYCHOLOGICAL IMPACT OF FINANCIAL STRESS AND THE CUMULATIVE INABILITY OVER TIME FOR THOSE IN POVERTY TO AFFORD THE FINANCIAL COSTS ASSOCIATED WITH JOB SEARCHING.**

This report from ANU also includes analysis of the ultimate impact on Effective Marginal Tax Rates (EMTRs) for payment recipients of an increase in JobSeeker to 90% of the Age Pension. The results are presented in Table 1.6. The research shows that the impact would be relatively limited. Despite the large increase in JobSeeker required for it to reach 90% of the Age Pension, the average EMTR rises only from 44% to 46.4%. For about 35% of people receiving JobSeeker the EMTR would not change or would decrease following an increase in JobSeeker to 90% of the Age Pension. For about 50% there would be an increase from zero to 5%.

**TABLE 1.6: DISTRIBUTIONAL ANALYSIS OF EMTRS FOR INDIVIDUALS RECEIVING JOBSEEKER AND RELATED WORKING-AGE PAYMENTS**

CHANGE IN EMTR	NUMBER OF PERSONS	% OF PEOPLE RECEIVING PAYMENTS
Less than -5%	18,000	1.6%
-5% to less than 0%	148,000	12.7%
No change (0%)	246,000	21.2%
More than 0% to 5%	583,000	50.2%
More than 5% to 10%	71,000	6.1%
More than 10%	95,000	8.2%

### I.4.3 MODELLING ASSUMPTIONS

The ANU modelling was undertaken using the ANU PolicyMod model of the Australian Tax and Transfer System. PolicyMod is based on the ABS Survey of Income and Housing and is calibrated to a broad range of the latest official welfare, personal income tax and demographic data. This means that the PolicyMod model's base population for the most recent years aligns with detailed data on most welfare payments, such as JobSeeker and the Age Pension, in addition to the distribution of taxpayers in the latest available taxation statistics. The modelling is based on the current 2025-26 base population using the current personal income tax and welfare policy settings for individuals and families. The modelling compared the disposable income outcomes from alternative policy scenarios to a base model with existing policies.

The measure of poverty used is after-housing household poverty using the half median for equivalised income (after housing costs). Households with negative incomes and those on the bottom 2% of the income distribution are defined as not in poverty but included in the denominator. This aligns with ABS practice and relates to concerns about such low incomes (about less than \$180 per fortnight) not being realistic or permanent income levels (for example, low business income).

Source for Table 1.6: B Phillips, 'Increasing adequacy of JobSeeker and related welfare payments: Modelling Policy Options', (Working Paper No. 1 2026), POLIS: The Centre for Social Policy Research, Australian National University, 2025, Table 5.



## I.5 DISTRIBUTIONAL AND FISCAL IMPACTS OF AN IMMEDIATE INCREASE IN JOBSEEKER FOR INDIVIDUALS WITH PCW – MODELLING BY ANU CENTRE FOR SOCIAL POLICY RESEARCH

In the 2024-25 Budget, the JobSeeker Payment for single people with a PCW of less than 15 hours per week was increased by \$56.30 per fortnight above the single rate (took effect from 20 September 2024). For this report, the ANU Centre for Social Policy Research modelled the impact of further reforms to JobSeeker and related payments for individuals with PCW:

- An increase to 90% of the Age Pension (including supplements) for individuals with PCW of less than 15 hours.
- An increase to 80% of the Age Pension (including supplements) for individuals with PCW between 15 and 22 hours.
- An increase to the same amount as currently received by individuals with PCW less than 15 hours for individuals with PCW between 23 and 29 hours.
- Other individuals receiving JobSeeker continuing to receive the existing rate of JobSeeker or their related payment.

The main results of the modelling are in Table 1.7.

**TABLE 1.7: FISCAL AND DISTRIBUTIONAL IMPACTS OF INCREASES IN JOBSEEKER (AND RELATED WORKING-AGE PAYMENTS) FOR INDIVIDUALS WITH PCW**

		2025	2026	2027	2028
	<b>Fiscal Cost \$B</b>	2.5	2.6	2.7	2.8
<b>POPULATION OF ALL PEOPLE</b>	Poverty Rate (Base) %	13.15	13.14	13.18	13.32
	Poverty Rate (New) %	12.86	12.85	12.89	13.05
	Decrease in people in poverty	82,869	84,249	83,699	79,484
<b>AVERAGE GAINS BY QUINTILE IN HOUSEHOLD DISTRIBUTION OF INCOME (\$PA)</b>	Income Q1	432	444	453	456
	Income Q2	450	465	475	482
	Income Q3	155	158	160	163
	Income Q4	53	55	56	57
	Income Q5	7	7	7	7
<b>PEOPLE RECEIVING ALLOWANCES</b>	Poverty Rate (Base) %	36.6	36.1	36.4	36.2
	Poverty Rate (New) %	31.7	31.2	31.7	31.8
	Decrease in people in poverty	52,244	52,503	50,197	47,286
	Average Poverty Gap (Base) \$pa	-5,336	-5,445	-5,631	-5,858
	Average Poverty Gap (New) \$pa	-4,397	-4,480	-4,629	-4,825

Note: (i) Allowances – includes people receiving JobSeeker, Youth Allowance, PPP and ABSTUDY. Does not include Parenting Payment Single. (ii) Poverty is calculated on a household basis (based on equivalent disposable income) and then converted from the household level to individual level for reporting on impacts at that level.

Source for Table 1.7: B Phillips, 'Increasing adequacy of JobSeeker and related welfare payments: Modelling Policy Options', (Working Paper No. 1 2026), POLIS: The Centre for Social Policy Research, Australian National University, 2025, Table 3 extract.



The modelling found the proposed changes would have a positive distributional impact:

- The number of people in poverty would be lower by 82,869 in year one and 79,484 in year four, compared to if JobSeeker was only increased via CPI indexation.
- The poverty rate for people receiving JobSeeker would fall from 36.6% to 31.7% in year one, and 36.2% to 31.8% in year four.
- The average income gap between the poverty line and average income of people with incomes below the poverty line would fall in year one from \$5,336 per annum to \$4,397 per annum and in year four from \$5,858 per annum to \$4,825 per annum.
- Income gains would be highly concentrated on low-income households – for example, a household in the bottom quintile would get an income gain in year one of \$432 per annum compared to \$7 per annum for a household in the top quintile.
- The most substantial impacts would occur in remote and very remote SA3s with the largest impact in regions with mainly Indigenous populations. For example, East Arnhem SA3 has the largest annual average household gain of \$1,031, closely followed by Daly-Tiwi-West Arnhem at \$1,017.

The proposal has an indicative cost of around \$10.6 billion across the forward estimates (four years).

This analysis has focused on changes to JobSeeker for people with PCW. More generally, further work is needed to understand how the social security system can best support people with a disability or illness that prevents them from undertaking full-time paid work and the additional costs faced by those with a disability or chronic illness. Changes to the eligibility for the DSP and other payments have led to significant numbers of people who would have previously received the DSP being placed onto the much lower JobSeeker payment. At the same time, rates of DSP receipt have declined as a proportion of the working-age population.<sup>7</sup> While some changes made to the DSP in 2023 have partially reversed the earlier tightening of DSP eligibility criteria, there remains a large proportion of people with disability or chronic ill health receiving JobSeeker for a long period of time. It is important for future work on this topic to recognise the multiple barriers to paid work that exist beyond the individual (for example, ableism and ageism), including barriers to participation in paid work that might exist within the income support system.

<sup>7</sup> Social Policy section, *Working-age income support recipients*, Parliament of Australia, Canberra, 17 July 2025, p. 7, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_departments/Parliamentary\\_Library/Research/Policy\\_Briefs/2025-26/Working-ageincomesupportrecipients](https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Research/Policy_Briefs/2025-26/Working-ageincomesupportrecipients).

## I.6 INCREASING THE REMOTE AREA ALLOWANCE

### THE COMMITTEE REITERATES ITS RECOMMENDATION FROM ITS PREVIOUS REPORTS TO INCREASE AND REFORM THE RAA.

The case for an increase is straightforward. It is well established that people in remote areas face much higher living costs than people in capital cities. A range of estimates suggest that food prices are on average around 40% higher in remote areas compared with capital cities.<sup>8</sup> CHOICE research found that a basket of essential groceries in four remote areas cost more than twice the price of the same basket of goods in capital cities. In one remote area, the basket cost 247% more.<sup>9</sup>

<sup>8</sup> National Indigenous Australians Agency, *Food prices and accessibility in remote communities: simple basket of goods' snapshot*, NIAA, Canberra, 2020, p.2. <https://www.aph.gov.au/DocumentStore.ashx?id=f1e9f15f-4fcb-416c-bd38-668d8e36eea6&subId=685519>; F Markham, *The Poor Pay More: why the Remote Area Allowance needs urgent reform*, 2024 <https://www.austaxpolicy.com/the-poor-pay-more-why-the-remote-area-allowance-needs-urgent-reform/>; Northern Territory Government, 'NT Market Basket Survey 2023 – Summary', 2024, p.1. <https://data.nt.gov.au/dataset/nt-market-basket-survey-2023/resource/1cb2186e-63ea-4343-abee-d6e0fbc31f27>.

<sup>9</sup> CHOICE, *Groceries cost more than twice as much in remote First Nations communities*, 2024, <https://www.choice.com.au/shopping/everyday-shopping/supermarkets/articles/remote-first-nations-grocery-stores>.

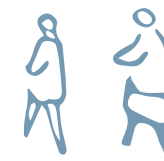
Estimates suggest that food prices are on average

### AROUND 40% HIGHER IN REMOTE AREAS

compared with capital cities.

A basket of essential groceries in a remote area can cost

### 247% MORE COMPARED TO THE SAME BASKET IN CAPITAL CITIES.



## **THIS HIGH PRICE OF FOOD IN REMOTE COMMUNITIES LEADS TO SUBSTANTIAL FOOD INSECURITY, ADDING TO THE LIKELIHOOD OF PEOPLE GOING HUNGRY OR RECEIVING POORER NUTRITION BY EATING CHEAPER AND LOWER QUALITY PROCESSED FOOD INSTEAD OF FRESH FOOD.**

The National Indigenous Australians Agency cites research showing that estimates of food insecurity are between 31% to 80% among First Nations people in remote and very remote Australia.<sup>10</sup> In its review of supermarket pricing, the Australian Competition & Consumer Commission (ACCC) stated that people on low incomes and people in remote communities “may be particularly vulnerable to increasing grocery prices and experience acute affordability issues.”<sup>11</sup>

10 NIAA, *Supporting Remote Cost-of-Living and Food Security, Impact Analysis*, 2024, <https://oia.pmc.gov.au/published-impact-analyses-and-reports/supporting-remote-cost-living-and-food-security>.

11 ACCC (Australian Competition & Consumer Commission), *Supermarkets inquiry interim report - August 2024*, 2024, p. 27, [www.accc.gov.au/system/files/supermarkets-inquiry-2024-2025-interim-report.pdf](http://www.accc.gov.au/system/files/supermarkets-inquiry-2024-2025-interim-report.pdf).

The vast distances people need to travel to purchase groceries and other essentials are exacerbating this problem. Budget standards research by the UNSW Social Policy Research Centre for the Committee’s 2025 Report showed that transport costs in Fitzroy Crossing are \$170 per week for a single unemployed person, largely because of the cost of a car and fuel.<sup>12 13</sup> This compares with a weekly transport budget of \$28 for someone unemployed in a capital city who uses public transport rather than a car.<sup>14</sup>

This budget standards study found that the high price of transport and food leads to core costs for people in Fitzroy Crossing being much higher than that of people in urban areas.<sup>15</sup>

Despite clear evidence of the vast disparities in living costs in remote and urban areas, the RAA has dramatically lost its purchasing power since its introduction in 1984 because the payment is not indexed at all. Without necessary indexation and targeting, the RAA cannot hope to address its original intended purpose of meeting the higher cost of living for people on very low incomes living in remote communities.

12 Y Naidoo, B Bradbury, and P Sawrikar, ‘Updated Budget Standard Estimates for 2024’, Sydney: Social Policy Research Centre, UNSW Sydney, 2024, p.48

13 This work developed a budget standard for Fitzroy Crossing to provide insight into remote area living costs.

14 *Ibid.*, p.43.

15 *Ibid.*, p.49.

The lack of indexation for more than four decades has reduced the RAA to levels that seem absurdly low. The current single rate of the payment is only \$9.10 per week, the child rate is \$3.65 per week, and couples receive \$15.60 (combined) per week. The single rate of payment was last increased 26 years ago by 35 cents per week. The child rate has only been increased once since 1984, when it rose by 15 cents per week in 2000.<sup>16</sup> If the single rate of the RAA had been lifted in line with the CPI since its creation over 40 years ago, it would now be \$27.10 per week.<sup>17</sup>

Approximately 95,000 people receive the RAA, most of whom live in the Northern Territory, Western Australia and Queensland. Most people receiving the payment receive JobSeeker Payment, followed by people receiving the Age Pension and DSP. The overwhelming majority of recipients are First Nations people.<sup>18</sup> Lifting the RAA would, comprise a very cost-effective way of reducing the financial stress experienced by some of Australia’s most disadvantaged citizens.

16 DSS ‘5.2.6.30 RAA - May 1984 to present date’ Social Security Guide, 2022 <https://guides.dss.gov.au/social-security-guide/5/2/6/30>.

17 Data provided by DSS.

18 Data provided by DSS.

**The lack of consistent indexation for more than four decades has reduced the RAA to levels that seem absurdly low.**

### **\$9.10 PER WEEK**

Current single rate of payment (last increased 26 years ago by 35 cents).

### **\$3.65 PER WEEK**

Current child rate (last increased in 2000 by 15 cents).

Research shows that income poverty rates are extremely high in remote Australia, reaching 41% for First Nations people in remote areas and 57.1% for First Nations people in very remote areas.<sup>19</sup> This compares to the national rate of poverty of 14%.<sup>20</sup>

**THE RAA IS COMPLETELY INADEQUATE TO MEET THE HIGHER COST OF LIVING IN REMOTE AUSTRALIA. AN IMMEDIATE INCREASE IS NEEDED TO ADDRESS THE SHORTFALL AND SUPPORT PEOPLE ON VERY LOW INCOMES IN REMOTE COMMUNITIES TO COVER BASIC COSTS.**

To ensure the RAA retains its purchasing power over time, the Committee calls for the payment to be indexed. The Committee reiterates its recommendation to establish a remote area price index to determine an appropriate system of uprating the payment in line with remote pricing. This index should be developed in partnership with remote communities.

<sup>19</sup> F Markham, *Submission to the Senate Standing Committees on Community Affairs' Inquiry into the extent and nature of poverty in Australia*, 2023 <https://www.aph.gov.au/DocumentStore.ashx?id=9cff3504-f70f-42a7-b379-a5fda9f7b2dc&subId=750035>.

<sup>20</sup> Productivity Commission, *A snapshot of inequality in Australia*, Research paper, Canberra, 2024; Productivity Commission, *Fairly Equal? Economic mobility in Australia*, Research Paper, 2024.

The Committee also believes that the remote area boundaries that guide eligibility for the payment should be reviewed. The eligibility boundaries are outdated and fail to reflect economic development over the past 40 years or more. The Committee is particularly concerned about people living in areas defined by the ABS as 'very remote' in parts of Queensland, New South Wales and Western Australia who are ineligible because RAA eligibility boundaries have not been updated.<sup>21</sup> The Committee finds that the Government should review these boundaries to ensure that the RAA is available to people living in remote Australia who are most in need.

<sup>21</sup> Productivity Commission, *Remote Area Tax Concessions and Payments*, 2020, p. 23, <https://assets.pc.gov.au/inquiries/completed/remote-tax/report/remote-tax.pdf>.

DSS, '5.2.6.30 RAA - May 1984 to present date' Social Security Guide <https://guides.dss.gov.au/social-security-guide/5/2/6/30>, 2022, p.22.



## I.7 CONCLUSION

“PEOPLE PROBABLY DON’T EVEN FEEL LIKE THEY CAN AFFORD TO GET EVEN A SMALL PRESENT FOR ANYONE OR CELEBRATE. AND I FEEL LIKE THOSE ARE SOME BASIC HUMAN LIFE EXPERIENCES THAT WE HAVE TO GO THROUGH. AND WHEN YOU’RE ALREADY STRESSED FINDING WORK AND YOU FEEL PROBABLY DEPRESSED OR GOING THROUGH ANXIETY, NOW YOU’RE NOT EVEN ABLE TO CONNECT WITH SOCIETY BECAUSE YOU CAN’T AFFORD TO GO OUT WITH YOUR FRIENDS EVEN ONCE A MONTH. YOU CAN’T AFFORD TO GO TO A FAMILY OCCASION BECAUSE YOU PROBABLY CAN’T CONTRIBUTE AS SOMEONE ELSE OR EVEN A LITTLE PERCENTAGE OF IT. AND I THINK IT STARTS ISOLATING PEOPLE EVEN MORE BECAUSE THEN YOU FEEL EMBARRASSED ’CAUSE YOU’RE LIKE, ‘HOW AM I GONNA GO OUT WITH MY FRIENDS?’ LIKE, ONCE I WAS FINE AND NOW I HAVE TO BE, LIKE, HEY, I CAN’T EVEN BUY THAT MEAL.”

Olivia, JobSeeker Payment recipient

“SOCIAL LIFE IS NON-EXISTENT. I WOULD HAVE TO DRIVE TO GO SEE MY FRIENDS AND DRIVING PETROL COSTS SO MUCH MONEY. AND ALSO I JUST DON’T HAVE THE TIME WITH CARING RESPONSIBILITIES, TRYING TO WORK, TRYING TO STUDY, ALL OF THAT AS WELL. THE IMPACT CAN BE QUITE CRIPPLING.”

Mimi, Austudy recipient

### **THIS CASE FOR AN INCREASE IN JOBSEEKER AND RELATED WORKING-AGE PAYMENTS TO 90% OF THE AGE PENSION (INCLUDING SUPPLEMENTS) REMAINS COMPELLING.**

Every year brings new evidence of the hardship and harms being imposed on people who are out of work, due to the low level of income support they receive. Increasing the level of these payments would bring both an immediate and long-run improvement in the living circumstances of people receiving JobSeeker and related payments. In doing that, it is also an investment for Government that will have a future payoff from a healthier and more engaged society.

For people in remote areas receiving income support, their situation is exacerbated by the obvious inadequacy of RAA, which has not increased for more than a quarter of a century and almost not at all for 42 years.

This chapter provides the results of two commissioned studies into the costs and impacts of raising JobSeeker and related working-age payments to 90% of the Age Pension over four stages. Both studies find consistently that increasing JobSeeker and related working-age payments to 90% of the Age Pension in a staged sequence over four years will increase the adequacy of payments, reduce the number of Australians living in poverty, reduce the average gap between actual income and the poverty line, and – crucially – provide the greatest income gains to the poorest Australians (including Indigenous Australians), making the proposed changes highly progressive. Staging the increases over four annual rises also lowers the overall cost of the reforms substantially.



# HOUSING AND RENTAL STRESS: COMMONWEALTH RENT ASSISTANCE



# 2

## RECOMMENDATION

### RECOMMENDATION 5

#### **Increase Commonwealth Rent Assistance.**

As well as substantially increasing base rates of JobSeeker and related payments, the Government should further increase the rate of Commonwealth Rent Assistance and better reflect contemporary rents paid.



## 2.1 INTRODUCTION

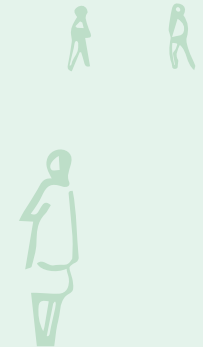
**This chapter assesses the effects of recent increases in CRA on levels of housing stress for Australians on low incomes. Its major finding is that increases to benefit base payments and the CRA in 2023 and 2024 successfully reduced the extent and depth of housing stress, proving the payment to be an effective counterbalance to rising rents. The situation, though, has since deteriorated and needs to be addressed by further increases in the CRA.**

## 2.2 COMMONWEALTH RENT ASSISTANCE

CRA is a major form of additional assistance paid to help people receiving social security payments including FTB with their private rental costs.<sup>1</sup>

As set out in Table 2.1, rates of assistance vary with the type of income unit and payment received. There is a minimum threshold before assistance is provided, which is then paid at 75 cents for every dollar of rent paid up to maximum payment limits and maximum rent levels. Above these levels, no further assistance is provided. This design means that people receiving CRA get between 40% (couples) and 50% of their rent paid up to these maximum levels, and above these levels the share of rent paid further reduces. This also means that more than half the rent paid comes out of either their base rates of payment or their payments plus other earnings or income.

<sup>1</sup> Accommodation costs covered include rent, fees in a retirement village, fees in an over 55's village or lifestyle park, lodging, board and lodging, or site or mooring fees.



**TABLE 2.1: COMMONWEALTH RENT ASSISTANCE, MARCH 2026**

	INCOME UNIT TYPE	MINIMUM RENT THRESHOLD PER FORTNIGHT	FORTNIGHTLY RENT TO RECEIVE MAXIMUM PAYMENT	MAXIMUM FORTNIGHTLY PAYMENT
<b>RATES PAID WITH INCOME SUPPORT</b>	Single	\$152.00	\$439.20	\$215.40
	Single, sharer	\$152.00	\$343.47	\$143.60
	Couple, combined	\$246.20	\$516.87	\$203.00
	One of a couple separated due to illness, partner in respite care or prison	\$152.00	\$439.20	\$215.40
	One of a couple temporarily separated	\$152.00	\$422.67	\$203.00
<b>RATES PAID WITH FAMILY TAX BENEFIT</b>	Single, with 1 or 2 children	\$199.50	\$537.00	\$253.12
	Single, with 3 or more children	\$199.50	\$580.86	\$286.02
	Couple, with 1 or 2 children	\$294.98	\$632.48	\$253.12
	Couple, with 3 or more children	\$294.98	\$676.34	\$286.02
	One of a couple separated due to illness, partner in respite care or prison, or temporarily separated, with 1 or 2 children	\$199.50	\$537.00	\$253.12
	One of a couple separated due to illness, partner in respite care or prison, or temporarily separated, with 3 or more children	\$199.50	\$580.86	\$286.02



## 2.3 DEFINING HOUSING STRESS

**HOUSING STRESS IS COMMONLY HELD TO AFFECT LOWER INCOME HOUSEHOLDS THAT SPEND MORE THAN 30% OF THEIR GROSS INCOME ON HOUSING COSTS.<sup>2</sup>**

Using their “30:40 indicator”, the AHURI defines households as being in housing stress when their income level is in the bottom 40% of Australia’s income distribution and they are paying more than 30% of their income in housing costs. The underlying assumption is that those on higher incomes who pay more than 30% of their income for housing do so voluntarily and this has less effect on the household’s ability to purchase necessities.<sup>3</sup>

Source for Table 2.1: Services Australia, Rent Assistance, <https://www.servicesaustralia.gov.au/rent-assistance>

<sup>2</sup> Australian Institute of Health and Welfare, *Housing affordability*, 2024, <https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>.

<sup>3</sup> J Yates & V Milligan, *Housing affordability: a 21st century problem*, AHURI Final Report No. 105, Australian Housing and Urban Research Institute Limited, Melbourne, 2007, <https://www.ahuri.edu.au/research/final-reports/105>.

Data from the most recent ABS Survey of Income and Housing in 2019-20, Table 6.3, shows that 91% of income units whose principal source of household income is Government pensions and allowances are in the bottom 40% of the gross income distribution, and that they account for more than half of all income units in the lowest 40%.<sup>4</sup>

**THIS MEANS THAT NEARLY ALL PEOPLE ON SOCIAL SECURITY PENSIONS AND ALLOWANCES WILL SATISFY THE CRITERION OF BEING IN THE BOTTOM 40% OF THE INCOME DISTRIBUTION AND WILL POTENTIALLY ACCOUNT FOR A SIGNIFICANT SHARE OF THOSE EXPERIENCING HOUSING STRESS.**

4 Australian Bureau of Statistics, *Household Income and Wealth, Australia, 2022*, <https://www.abs.gov.au/statistics/economy/finance/household-income-and-wealth-australia/latest-release#:~:text=Average%20equivalised%20disposable%20household%20income,had%20debt%20in%202019%E2%80%9320>.

It should also be emphasised that many people on income support payments are a long distance from the 40<sup>th</sup> percentile of the income distribution. For example, a single person at the 10<sup>th</sup> percentile of the income distribution in 2023 would have received an annual income of \$28,800.<sup>5</sup> A single person receiving JobSeeker Payment for all of that year would have received an income of just under \$18,000 and with the maximum rate of CRA this would have increased to \$22,260 or just over three-quarters of the 10<sup>th</sup> percentile income level.

As shown in Table 2.3, more than 60% of renters receiving JobSeeker Payment are paying more than 30% of their income in rent after receiving CRA.

5 Calculated from Table 3.2 in: I Laß, F Botha, K Peyton and R Wilkins, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 23*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, 2025.

## 2.4 TRENDS IN HOUSING STRESS OVER TIME FOR CRA RECIPIENTS

CRA maximum rates are updated twice a year on March 20 and September 20 in line with the CPI. There were additional real increases of 15% in 2023 and 10% in 2024.

Table 2.2 shows trends in the number of CRA income units receiving CRA since December 2022 and the share experiencing different levels of rental stress at different thresholds – i.e. those paying more than 30%, 40%, or 50% of their total income in housing costs. These numbers are calculated on the total incomes received by recipients and include the earnings and other forms of income received in addition to income support and supplementary payments.<sup>6</sup>

6 To determine the effectiveness of CRA in reducing rental stress, the following methodology for each recipient household is used to calculate the percentage of total income spent on rent: Rental stress BEFORE CRA = (rent payable) / (total income) x 100; Rental stress AFTER CRA = (rent payable – CRA paid) / (total income) x 100. For income support payment recipients, total income = total income from social security payments (excluding CRA) plus total private income. For FTB-only recipients, total income = total income from social security payments (excluding CRA) plus estimated adjusted taxable income (ATI) for FTB.

**More than 60% of people receiving JobSeeker Payment who are renting are paying more than 30% of their income in rent after receiving CRA.**



In the DSS quarterly data, the effect of the above-indexation increases in payment rates only began after September 2023 and September 2024, and so it is to be expected that the data that affects housing costs and housing stress will likely first become apparent each December. For example, the Committee’s 2024 Report showed that between September 2023 and December 2023, the proportion of CRA income units paying more than 30% of their income in rent fell from 42.3% to 38.6%, which was the first time since June 2022 that this level of rental stress was lower than 40%.

Since September 2024, there have only been indexation increases in CRA – while these are likely to be of some assistance it will not be as significant as the real increases in 2023 and 2024.

Changes in rental stress will reflect interactions between changes in levels of payments – due to the combined effect of increases in base rates as well as the increase in CRA – plus changes in the level of rents paid by people receiving payments and changes in the composition of the population receiving payments. New people will “flow onto” payments each quarter and people also leave.

A potentially important factor is that Youth Allowance (Student) recipients – a relatively small group but one that generally has the highest percentage of recipients experiencing rental stress – will usually finish the study year between September and December each year. They leave the payment and thus reduce measured rental stress in that quarter.

It is not possible with these descriptive data to determine the relative importance of each of these factors, so care should be taken in interpreting the causes of these trends. A reasonable rule of thumb would be that about two-thirds was due to the increase in base rates of JobSeeker and related payments and one-third due to the increase in CRA in 2023. The reduction in 2024 is more likely to mainly reflect the increase in CRA.

Table 2.2 shows that between December 2024 and December 2025 the share of those paying 30% or more of their income in rent went from 39.3% to 42.0%.

That is, all the improvement that occurred in reduced rental stress as a result of the increases in 2023 and 2024 has been reversed and the level of this measure of rental stress is now the same as it was in December 2022.

The table also shows calculation of the extent of rental stress “without CRA”, which is the share of people paying more than the 30, 40, and 50% level if CRA is deducted from their total payments.

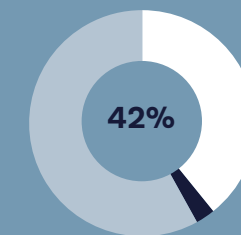
On this basis, nearly three-quarters (73.7%) of CRA households would be paying more than 30% of their income in housing costs, more than half (52.3%) would be paying more than 40% of their income in housing costs, and around one-third would have paid more than half their income in housing costs.

This then allows calculation of the effectiveness of CRA in reducing rental stress – bearing in mind the limitations noted above. The effectiveness of CRA is reported annually, with a target of reducing the proportion of recipient households in rental stress by at least 25 percentage points.<sup>7</sup>

### PAST INCREASES IN CRA INCREASED THE EFFECTIVENESS OF THE PAYMENT IN REDUCING RENTAL STRESS.

The table shows that the percentage point reduction in rental stress is calculated as rising from 27.7 percentage points to 32.8 percentage points between December 2023 and December 2024 (30% level), from 20.1 to 24.9 percentage points (40% level), and from 14.0 to 17.2 percentage points (50% level). Effectiveness has since fallen slightly, except at the 40% level where it has slightly increased.

**All the improvement in reduced rental stress resulting from the increases in 2023 and 2024 has now been reversed.**



Between December 2024 and December 2025 the share of those paying 30% or more of their income in rent went from 39.3% to 42.0%.



<sup>7</sup> Department of Social Services, *Annual Report 2023-24*, p.58, <https://www.dss.gov.au/system/files/documents/2024-11/dss-annual-report-2023-24.pdf>.

**TABLE 2.2: NUMBER OF CRA INCOME UNITS<sup>1</sup> AND PROPORTION IN RENTAL STRESS<sup>2</sup> (WITH AND WITHOUT CRA) DECEMBER 2022 TO DECEMBER 2025**

RENTAL AFFORDABILITY		30-DEC-22	29-DEC-23	27-DEC-24	26-DEC-26
	<b>Number of CRA income units</b>	1,289,005	1,279,775	1,350,580	1,404,325
<b>Rental stress above 30%</b>	Rental stress with CRA (30%) <sup>3</sup>	41.10%	38.60%	39.30%	42.0%
	Rental stress without CRA (30%) <sup>3</sup>	68.80%	70.20%	72.10%	73.7%
	Percentage point reduction in rental stress	27.70%	31.70%	32.80%	31.7%
<b>Rental stress above 40%</b>	Rental stress with CRA (40%) <sup>4</sup>	24.60%	23.40%	24.40%	26.9%
	Rental stress without CRA (40%) <sup>4</sup>	44.70%	46.30%	49.30%	52.3%
	Percentage point reduction in rental stress	20.10%	22.90%	24.90%	25.4%
<b>Rental stress above 50%</b>	Rental stress with CRA (50%) <sup>5</sup>	14.90%	14.20%	15.30%	17.3%
	Rental stress without CRA (50%) <sup>5</sup>	28.90%	29.80%	32.50%	34.4%
	Percentage point reduction in rental stress	14.00%	15.60%	17.20%	17.1%

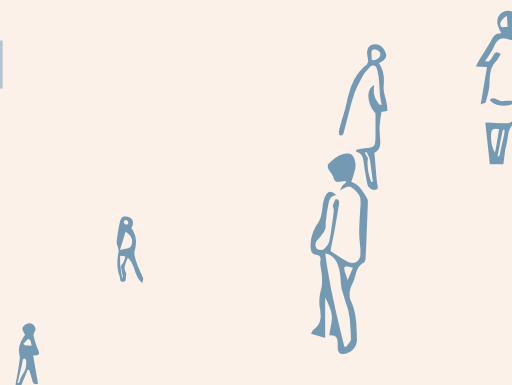
Table 2.2 shows increases in the percentage in rental stress “before CRA” over this period. It can also be noted that these are effectively a headcount measure rather than a depth of stress measure (analogous to poverty gap measures). So private rent increases also make the stress even worse for those already affected by it.

**OVERALL, THESE FIGURES REMAIN EXTREMELY WORRYING – OF THE 1.4 MILLION RECIPIENTS OF CRA IN DECEMBER 2025, 17.3% – MORE THAN 240,000 RECIPIENTS – WERE PAYING MORE THAN HALF THEIR INCOME IN RENT.**

Table 2.3 shows estimates of rental stress at the 30% level by payment type. Rental stress is much higher for people receiving JobSeeker (61.8%) and Youth Allowance (60%-75%) than for those receiving Age or Disability Pensions or Carer Payment (30%-38%), reflecting their lower basic payments.

**RENTAL STRESS IS PARTICULARLY HIGH FOR PEOPLE RECEIVING YOUTH ALLOWANCE.**

For people receiving Youth Allowance (Student), the share experiencing rental stress was reduced marginally from 76.6% to 74.7% and for those receiving Youth Allowance (Other) rental stress was reduced more significantly from 68.5% to 58.5% between December 2022 and December 2024. In December 2025, rates of rental stress were slightly higher for these groups – 74.3% and 60.0%, respectively.



Notes:

(1) CRA data is reported at a ‘recipient household’ or income unit. An income unit comprises a single person (with or without dependent children) or a couple (with or without dependent children). Single social security recipients living together in the same household are regarded as separate income units. One member of a couple is treated as the reference person for the income unit, based on the type of payment they receive. The general order of priority is: Pensions, Allowances, FTB. PPP will be reported for income units where one member receives Parenting Payment, and their partner is not receiving any other income support payment. They will only be reported as receiving FTB A if neither receives a social security payment.

(2) On average, fewer than 2% of total CRA income units were excluded from these calculations due to incomplete income details.

(3) Proportion of income units paying more than 30% of income on rent.

(4) Proportion of income units paying more than 40% of income on rent.

(5) Proportion of income units paying more than 50% of income on rent.

**TABLE 2.3: NUMBER OF CRA INCOME UNITS<sup>1</sup> AND PROPORTION IN RENTAL STRESS<sup>2</sup> (WITH AND WITHOUT CRA) BY PRIMARY PAYMENT TYPE, DECEMBER 2022 TO DECEMBER 2025**

PRIMARY PAYMENT TYPE		30-DEC-22	29-DEC-23	27-DEC-24	26-DEC-25
DISABILITY SUPPORT PENSION	Number of CRA income units <sup>1</sup>	267,495	273,130	287,755	300,295
	Rental stress with CRA (30%) <sup>3</sup>	32.50%	29.40%	28.30%	30.3%
	Rental stress without CRA (30%) <sup>3</sup>	70.80%	72.10%	73.00%	74.1%
	Percentage point reduction in rental stress (Rental stress above 30%)	38.30%	42.80%	44.70%	43.8%
CARER PAYMENT	Number of CRA income units <sup>1</sup>	79,045	80,550	86,380	90,820
	Rental stress with CRA (30%) <sup>3</sup>	35.70%	34.60%	34.50%	37.5%
	Rental stress without CRA (30%) <sup>3</sup>	61.80%	63.40%	65.20%	66.6%
	Percentage point reduction in rental stress (Rental stress above 30%)	26.10%	28.80%	30.70%	29.1%
AGE PENSION	Number of CRA income units <sup>1</sup>	310,610	309,560	319,995	331,660
	Rental stress with CRA (30%) <sup>3</sup>	34.20%	32.10%	30.90%	32.1%
	Rental stress without CRA (30%) <sup>3</sup>	65.50%	67.00%	67.10%	67.3%
	Percentage point reduction in rental stress (Rental stress above 30%)	31.30%	34.90%	36.20%	35.2%
PARENTING PAYMENT SINGLE	Number of CRA income units <sup>1</sup>	112,090	148,400	164,880	169,395
	Rental stress with CRA (30%) <sup>3</sup>	44.60%	46.70%	48.20%	51.5%
	Rental stress without CRA (30%) <sup>3</sup>	69.80%	73.30%	75.70%	77.9%
	Percentage point reduction in rental stress (Rental stress above 30%)	25.20%	26.60%	27.50%	26.4%
JOBSEEKER PAYMENT	Number of CRA income units <sup>1</sup>	291,010	259,300	291,730	318,635
	Rental stress with CRA (30%) <sup>3</sup>	60.70%	56.70%	58.30%	61.8%
	Rental stress without CRA (30%) <sup>3</sup>	86.60%	88.30%	89.40%	90.5%
	Percentage point reduction in rental stress (Rental stress above 30%)	25.90%	31.60%	31.00%	28.7%
YOUTH ALLOWANCE (STUDENT)	Number of CRA income units <sup>1</sup>	32,205	27,445	27,470	28,445
	Rental stress with CRA (30%) <sup>3</sup>	76.60%	74.40%	74.70%	75.3%
	Rental stress without CRA (30%) <sup>3</sup>	88.60%	90.50%	91.50%	90.2%
	Percentage point reduction in rental stress (Rental stress above 30%)	12.00%	16.10%	16.90%	14.9%

Notes:

(1) CRA data is reported at a 'recipient household' or income unit. An income unit comprises a single person (with or without dependent children) or a couple (with or without dependent children). Single social security recipients living together in the same household are regarded as separate income units. One member of a couple is treated as the reference person for the income unit, based on the type of payment they receive. The general order of priority is: Pensions, Allowances, FTB. PPP will be reported for income units where one member receives Parenting Payment and their partner is not receiving any other income support payment. They will only be reported as receiving FTB A if neither receives a social security payment.

(2) On average fewer than 2% of total CRA income units were excluded from these calculations due to incomplete income details.

(3) Proportion of income units paying more than 30% of income on rent.

(4) 'Other ISP' includes Special Benefit.

Source for Table 2.3: Services Australia administrative data (DSS extract for Housing dataset, as at, 30 December 2022, 29 December 2023, 27 December 2024, and 26 December 2025.)

**TABLE 2.3: NUMBER OF CRA INCOME UNITS AND PROPORTION IN RENTAL STRESS (WITH AND WITHOUT CRA) BY PRIMARY PAYMENT TYPE, DECEMBER 2022 TO DECEMBER 2025 (CONTINUED)**

PRIMARY PAYMENT TYPE		30-DEC-22	29-DEC-23	27-DEC-24	26-DEC-25
YOUTH ALLOWANCE (OTHER)	Number of CRA income units <sup>1</sup>	8,640	9,230	10,660	12,310
	Rental stress with CRA (30%) <sup>3</sup>	68.50%	56.50%	58.50%	60.0%
	Rental stress without CRA (30%) <sup>3</sup>	89.90%	88.50%	90.10%	85.4%
	Percentage point reduction in rental stress (Rental stress above 30%)	21.30%	32.00%	31.60%	25.4%
YOUTH ALLOWANCE (APPRENTICE)	Number of CRA income units <sup>1</sup>	625	450	490	535
	Rental stress with CRA (30%) <sup>3</sup>	65.80%	67.50%	66.30%	65.9%
	Rental stress without CRA (30%) <sup>3</sup>	80.20%	82.50%	83.10%	85.2%
	Percentage point reduction in rental stress (Rental stress above 30%)	14.40%	15.00%	16.90%	19.3%
AUSTUDY	Number of CRA income units <sup>1</sup>	11,560	8,990	8,885	9,215
	Rental stress with CRA (30%) <sup>3</sup>	73.60%	68.80%	69.30%	70.8%
	Rental stress without CRA (30%) <sup>3</sup>	89.10%	89.10%	89.90%	89.2%
	Percentage point reduction in rental stress (Rental stress above 30%)	15.50%	20.30%	20.60%	18.4%
PARENTING PAYMENT PARTNERED	Number of CRA income units <sup>1</sup>	20,055	17,115	18,145	17,560
	Rental stress with CRA (30%) <sup>3</sup>	65.70%	63.80%	64.20%	67.3%
	Rental stress without CRA (30%) <sup>3</sup>	81.80%	82.50%	83.40%	84.5%
	Percentage point reduction in rental stress (Rental stress above 30%)	16.10%	18.70%	19.20%	17.2%
OTHER ISP <sup>4</sup>	Number of CRA income units <sup>1</sup>	4,500	3,040	2,375	2,325
	Rental stress with CRA (30%) <sup>3</sup>	63.80%	56.30%	59.20%	59.6%
	Rental stress without CRA (30%) <sup>3</sup>	90.30%	88.20%	89.80%	90.0%
	Percentage point reduction in rental stress (Rental stress above 30%)	26.40%	31.80%	30.60%	30.4%
FTB (ONLY)	Number of CRA income units <sup>1</sup>	151,160	142,560	131,820	123,125
	Rental stress with CRA (30%) <sup>3</sup>	19.50%	19.70%	21.60%	24.7%
	Rental stress without CRA (30%) <sup>3</sup>	33.00%	35.00%	37.80%	40.9%
	Percentage point reduction in rental stress (Rental stress above 30%)	13.50%	15.30%	16.20%	16.2%



**TABLE 2.4: NUMBER OF CRA INCOME UNITS<sup>1</sup> AND PROPORTION IN RENTAL STRESS<sup>2</sup> (WITH AND WITHOUT CRA) BY HOUSEHOLD WITH AND WITHOUT CHILDREN<sup>7</sup>, DECEMBER 2022 TO DECEMBER 2025**

WITH / WITHOUT CHILDREN <sup>7</sup>		30-DEC-22	29-DEC-23	27-DEC-24	26-DEC-25
<b>Without child/children<sup>7</sup></b>	Number of CRA income units <sup>1</sup>	875,650	880,885	941,705	995,355
	Rental stress with CRA (30%) <sup>3</sup>	42.80%	39.30%	39.20%	41.4%
	Rental stress without CRA (30%) <sup>3</sup>	74.00%	75.10%	75.90%	76.6%
	Percentage point reduction in rental stress (Rental stress above 30%)	31.20%	35.80%	36.70%	35.3%
<b>With child/children<sup>7</sup></b>	Number of CRA income units <sup>1</sup>	413,355	398,890	408,870	408,970
	Rental stress with CRA (30%) <sup>3</sup>	37.60%	37.10%	39.40%	43.5%
	Rental stress without CRA (30%) <sup>3</sup>	58.00%	59.70%	63.30%	66.6%
	Percentage point reduction in rental stress (Rental stress above 30%)	20.40%	22.60%	23.90%	23.1%

Table 2.4 shows trends for households with and without children. Rental stress is similar for those with and without children (41.4% and 43.5%, respectively). Before receiving CRA, stress is higher for those without children, but the effect of CRA is to reduce this to a greater extent for those without children.

Notes:

(1) CRA data is reported at a 'recipient household' or income unit. An income unit comprises a single person (with or without dependent children) or a couple (with or without dependent children). Single social security recipients living together in the same household are regarded as separate income units. One member of a couple is treated as the reference person for the income unit, based on the type of payment they receive. The general order of priority is: Pensions, Allowances, FTB. PPP will be reported for income units where one member receives Parenting Payment, and their partner is not receiving any other income support payment. They will only be reported as receiving FTB A if neither receives a social security payment.

(2) On average fewer than 2% of total CRA income units were excluded from these calculations due to incomplete income details.

(3) Proportion of income units paying more than 30% of income on rent.

(4) Proportion of income units paying more than 40% of income on rent.

(5) Proportion of income units paying more than 50% of income on rent.

(6) 'Other ISP' includes Special Benefit.

(7) A Rent Assistance (RA) child is a child that attracts CRA via FTB A for a parent, that is, the child is an FTB child attracting more than the base rate of FTB A or is a Regular Care Child. In this data request, the number of children reported is the number of RA children in families entitled to CRA. The Housing Data Set calculates rental stress for individuals and families entitled to a more than zero rate of RA. Where a parent fails the FTB A MAT in respect of a child, that child is not considered an RA child. Where a parent fails the MAT for all children they may attract CRA with an income support payment. These children are not considered CRA children and are not included in this report.

(8) To protect individuals' privacy, all cells including any totals and subtotals have been rounded to the nearest 5, values from 1 to 7 are rounded to 5. Zero cells are actual zeros. This may result in non-additivity for some totals. Caution should be taken in re-calculating totals from rounded data, as this may compound the effects of rounding.

Source for Table 2.4: Services Australia administrative data (DSS extract for Housing dataset, as at, 30 December 2022, 29 December 2023, 27 December 2024, and 26 December 2025).



## 2.5 THE YOUTH RENTAL GAP

In a submission to the Committee, Homelessness Australia and the Melbourne City Mission noted that children and young people unaccompanied by a parent or guardian get poorer housing outcomes than other groups.

Homeless young people are typically eligible for income support payments, including CRA, and are often placed on social housing waiting lists with priority status. However, if they can qualify for Youth Allowance, they receive lower income support payments than other priority groups and consequently pay significantly less rent than people on higher payment types because rents are set as a proportion of total income.

Around 28,000 young people (or around 11% of the total Youth Allowance population<sup>8</sup>) qualify as independent under the Unreasonable to Live at Home (UTLAH) category, made up of around 21,000 Youth Allowance (Other) and 7,000 Youth Allowance (Student).

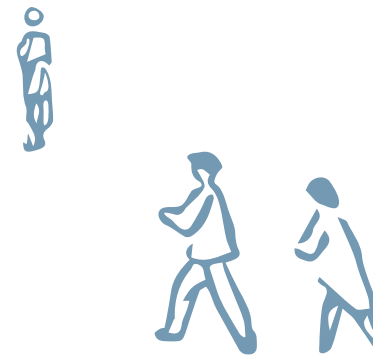
It is important to note, however, that young people may be considered independent for the purposes of Youth Allowance under a range of other categories. This includes where they are a member of a couple, have a dependent child, have been self-supporting through employment, or are aged 22 years or over.

In addition to UTLAH, there are other specific independence categories representing cohorts particularly vulnerable to homelessness. These other categories make up about 6,000 Youth Allowance recipients, including: orphanhood; parents cannot exercise responsibilities because they are in prison, are mentally incapacitated, live in a nursing home or are missing; refugee; or the young person is in or exiting out-of-home care.

**IN TOTAL, THERE ARE AROUND 120,000 YOUTH ALLOWANCE RECIPIENTS CATEGORISED AS 'INDEPENDENT', INCLUDING THE 28,000 UNDER THE UTLAH CATEGORY AND 9,000 SPLIT ACROSS OTHER CATEGORIES VULNERABLE TO HOMELESSNESS.**

The lower level of payments for people receiving Youth Allowance may create a “youth rental gap” in community housing. This youth rental gap is a consequence of the interaction of the income-based rent model of community housing, and the social security system. The proportion of the lower Youth Allowance payment only just exceeds the minimum threshold for CRA payments, resulting in young people attracting only \$5.50 per week in CRA in a community housing tenancy, compared to pensioners who receive around \$100 of CRA per week.

While further increases to Youth Allowance and CRA would assist this group, more specific ways to assist them and reduce the risk of youth homelessness could involve paying a youth housing supplement to address this ‘youth rental gap’ for young people.



**A youth rental gap is resulting in young people having only \$5.50 per week in CRA in a community housing tenancy, compared to other priority groups who receive almost \$100 CRA per week.**

<sup>8</sup> This is of a total Youth Allowance population of 265,760, including 100,080 Youth Allowance (Other) recipients and 165,680 Youth Allowance (Student) recipients (as at September 2025).

## 2.6 HOUSING AND INDIGENOUS AUSTRALIANS

In a meeting in December 2025 and in their submission to the Committee, the Coalition of Peaks made significant observations about housing challenges facing Indigenous Australians.<sup>9</sup> These proposed actions include:

- In any funding allocation the Australian Government makes to states and territories or within its own housing and homelessness programs, there should be a specific, ring-fenced allocation for Aboriginal and Torres Strait Islander people that is based on need.
- The Australian Government should work through the Housing Policy Partnership to improve access to housing data. While we know there is significant unmet housing need for Aboriginal and Torres Strait Islander people, there is insufficient data available on the exact housing need in each community, the current state of existing housing stock and the genuine investment required in housing stock including repair and maintenance.
- Tripartite funding agreements between the Australian Government, states and territories and local communities could improve accountability for outcomes. In addition to housing, these agreements could include essential services.

- On repairs and maintenance, there were calls for the Australian Government to take steps to ensure that social housing dwellings are well maintained, safe and high quality, and build the capacity and capability of Aboriginal and Torres Strait Islander organisations and communities to do this work on an ongoing basis.
- The Australian Government should urgently respond to high levels of asbestos in social housing. Poor quality social housing was noted as a key factor in the continued burden of disease for Aboriginal and Torres Strait Islander people.
- The Australian Government should plan to improve the condition of properties so that they can be transferred to Aboriginal Community Controlled Organisations in accordance with the National Agreement on Closing the Gap – the poor condition of many properties is slowing transfer.
- The Australian Government should better coordinate supports to reduce the risk that people become homeless when their income support payments change.
- The Australian Government should do more to ensure social housing program settings are culturally responsive and inclusive. For example, recognising intergenerational ownership and tenure.
- The Australian Government should do more to support greater home ownership and private rental arrangements, in addition to greater social housing and homelessness supports. There should be a structured pathway from social housing to home ownership, and innovative policy approaches considered such as taxation incentives for first homeowners.
- The Australian Government should fund the Housing Sector Strengthening Plan, and work to fulfill its commitments under the National Agreement on Closing the Gap, including clauses 55a and 55b.

<sup>9</sup> Extract from Appendix 3 – Letter from Aboriginal and Torres Strait Islander Economic Inclusion Roundtable



## 2.7 CONCLUSION

**THIS DISCUSSION SHOWS THAT INCREASES IN BASIC PAYMENT RATES AND IN CRA CAN BE EFFECTIVE IN REDUCING RENTAL STRESS, AND THE GOVERNMENT IS TO BE CONGRATULATED FOR THESE REAL INCREASES IN 2023 AND 2024.**

However, Table 2.2 shows that levels of rental stress increased from 38.6% to 42.0% between December 2023 and December 2025 at the 30% level, from 23.4% to 26.6% at the 40% level, and from 14.2% to 17.3% at the 50% stress level.

Clearly, increases in base payments and CRA are likely to reduce the share of people in stress as well as the depth of stress, although this also depends on trends in market rents and changes in the composition of the population receiving CRA. Given this combination of factors, this suggests that further increases are needed if the situation is not to continue to deteriorate further.

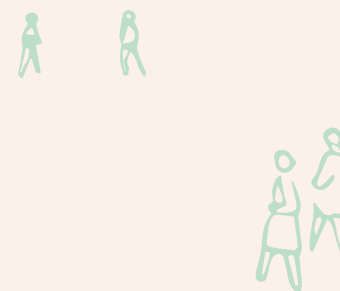
It is also important to note that this discussion has focused only on rental stress expressed in monetary terms. Households make choices about their rental accommodation in combination with decisions about household location and housing quality. In this context it is particularly important to note that people on income support and family payments who are not receiving CRA may be experiencing other housing problems even if they are not paying more than 20% of their income in rent.

Households may be paying lower rents but living in more remote or isolated conditions where they are further from public services such as health care or where they may need a car to take children to school or to do the shopping. They may also live in more crowded accommodation or in housing that is not well insulated from heat or cold or where there is mould, increasing the risks of health problems.

These issues cannot be assessed through the analysis of housing costs relative to income, and there is clearly the need for further research and analysis to develop evidence on the extent of these and related problems.

In summary, it is clear that in addition to the Committee's priority recommendation to substantially increase base rates of JobSeeker and related payments, further increases in the rate of CRA are needed to better reflect contemporary rents paid.

**Further increases in CRA are needed to prevent rental stress from deteriorating further and reflect actual rents paid.**



# FAMILY PAYMENTS: IMPROVING AUSTRALIA'S SYSTEM OF FAMILY PAYMENTS TO REDUCE CHILD POVERTY



# 3

**Amanda is a 40 year old woman with three children living in South Australia. She currently receives Carer Payment, FTB and CRA.**

When Amanda first started receiving payments around 18 years ago after the birth of her first child, she thought payments were to help people experiencing a temporary crisis, hardship or life change. Back then, she found the application process pretty seamless and received information and support while she was still in hospital after giving birth. In contrast, Amanda describes her more recent experience with Centrelink as complex.

“At times I refer to it as almost like a toxic relationship – in that I don’t want to be on it [payments], but I’m stuck in it [the system].”

**HER PERSONAL JOURNEY HAS INVOLVED WORKING WHEN SHE EXPECTED TO BE HOME WITH HER FIRST CHILD IN THE EARLY YEARS DUE TO HER THEN-HUSBAND’S WORKPLACE INJURY AND NOT BEING ABLE TO WORK AT TIMES IN HER LIFE WHEN SHE EXPECTED SHE WOULD.**

“I was able to stay home after he [second child] was born. My husband was at work and all that. I guess that portion of my timeline with receiving Government payments was relatively simple. I remember it was just a nice little top up to help with the cost of raising the kids while they were young. And then obviously life changed, and I became a single parent, surprisingly. And then that was my first introduction to the single parent [payment]. And then I was single for a little while. I remember it was really challenging. Even learning, like, I had to learn how to smooth my bills. I started meal planning even down to one zucchini, one cucumber, just to try and make it more affordable.”

Amanda described how being a single parent and unable to work full-time restrained the options she had as a parent. She recalls having to sell a birthday present to be able to register the car:

“And I remember at that time thinking ‘this is really hard’ ... just watching the life that my husband and I had built slowly chip away.”

Amanda remembers feeling so blessed when she received the temporary Coronavirus Supplement during the pandemic. She was able to meet her needs and those of her children in a timely way, without delaying expenses such as filling prescriptions.

**“It almost felt cruel that I had to adjust to not having it in the future.”**

When she re-partnered, Amanda experienced domestic violence and described the impact of this and the significant drop in payments that came with being in a relationship. After that relationship ended, she and her children spent time in a shelter and faced significant challenges accessing support. It has taken her ten years to financially recover from that period.

Amanda described the process of trying to manage unexpected life circumstances including relationship breakdown; domestic violence, and recovery from domestic violence and trauma for herself and her children; supporting her children as a single parent; dealing with complex care arrangements with ex-partners; and trying to navigate a complex system that is supposed to help as terrifying, exhausting and stressful.

Amanda does not feel that family payments have been enough to keep her and her children out of poverty throughout these struggles, despite her best efforts.

**“So it’s really challenging when you are doing all the right things. You are budgeting, you’re seeking financial counselling just to check you’re on the right track. And even when financial counsellors just say, looking at your budget, it’s a miracle you are doing as well as what you are.”**

Now that one of her children has turned 18 and is considering moving out of home, Amanda is facing a reduction in her payments that she did not feel prepared for, and which would mean she cannot afford her rent. She feels that there could have been more support to prepare her for and to manage this possibility.

**“The reality is, like, living in so much adversity and hardship for a decade and single parenting, like, all the things that we have actually faced, it might have been nice to have some form of a notification or a phase-out worker who calls to say, ‘Hey, in three months you know you’re gonna lose this money. What can we do to support you?’”**

## **AMANDA IS WORRIED ABOUT WHAT LIFE WILL BE LIKE FOR HER IN THE FUTURE.**

**“I chose to be a stay-at-home parent because that’s actually what my children and I needed recovering from trauma. But now I feel like I’m going to have another wave in a cost-of-living crisis. That the kinds of work I wanna do I have to travel for. Plus, it’s tricky to do while healing from burnout.”**

While she is very open to receiving meaningful assistance that would support her to rejoin the workforce, Amanda is not eligible for programs like Parent Pathways because of restrictive eligibility criteria such as needing to have a child under the age of six.

Amanda is grateful that she lives in a country that has been able to provide her with financial support through difficult times but feels substantial improvements could be made for families facing adversity.

Amanda’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights.

**Katie is a 42 year old mum living in Perth and receiving Family Tax Benefit. Her family has received the payment on and off over about nine years, however the amount they receive has differed substantially from year to year.**

Katie's husband works in Western Australia's building and construction industry which has been volatile in recent years and has meant unpredictable periods with little or no work.

Katie has a job that is flexible enough to fit in around her kids, but it doesn't pay a lot, and she doesn't have work during school holidays. She describes her income from this job as a 'buffer' but not enough for a standalone income.

**FOR FAMILIES LIKE HERS, WHEN THINGS ARE GOING WELL AND WORK IS CONSISTENT, FAMILY TAX BENEFIT CAN BE A GREAT HELP.**

"We're probably quite lucky that for the most part, we had a second income. Well, we technically had a third income because my income, husband's income and then the Family Tax [Benefit] when it would come in."

Katie also describes how Family Tax Benefit has been a lifeline during difficult periods when her family are just scraping by, as they can then afford clothes for the kids that have been wearing out, or school fees. But for a long time after having her first child, Katie didn't know that she was eligible for payments, and her family almost lost their home when they could not keep up with mortgage payments.

Katie feels that people should be made aware of their entitlements and that information about eligibility should be made easier to understand and proactively provided to families.

"I think that if women got the information they needed or families got the information they needed right off the bat, they're less likely to struggle in raising their kids and they're more likely to feel supported."

During periods when Katie was receiving Parenting Payment after the birth of a child, she preferred to receive Family Tax Benefit fortnightly, however when her husband's work became inconsistent, she was too concerned about incorrectly estimating the household's income in advance and potentially incurring a debt, so has received it annually since. Fear of debt, rather than the financial arrangement that best suited their household, drove the decision to receive the payment annually rather than fortnightly.

**“Even though we had overestimated as well, obviously they had to adjust that when he stopped working. But that was very ... It’s a little bit daunting when you’ve got to try and go, well he’s not earning that anymore, I have to estimate what he may earn if he starts working next week. But he was off work for six months almost. It was a lot of time when he wasn’t working. So, I mean, that was tough.”**

Another issue that Katie has encountered with Family Tax Benefit is that her family would become ineligible when lots of work was available and then would have to reapply from scratch each time there is a downturn.

**“The process to get back on is not easy. They want a lot of information and then just trying to find it all, I think it took me over a week just to control the information to figure everything out so I could reapply when my husband finds himself out of work.”**

## **KATIE THINKS THERE SHOULD BE A SIMPLER WAY TO TURN PAYMENTS ON AND OFF, SO PEOPLE DON’T HAVE TO REAPPLY EVERY TIME THEIR CIRCUMSTANCES CHANGE.**

Information could be pre-filled for people to check and add to if needed. She feels that simple changes like this could alleviate a lot of the stress that comes with unexpected change.

When asked about any changes she would make to Services Australia’s processes to assist people like her, Katie suggested rethinking the hold music for the phone lines and reducing call wait times by providing simpler information on the website and providing case workers for people in complex circumstances.

**“If they could simplify some of the information on the website, I think it would benefit everyone.”**

Katie’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights.

## RECOMMENDATIONS

### RECOMMENDATION 6

**That the Government implement measures to address the high rates of child poverty occurring in low-income households, including specific measures to address the needs of low-income single parents. These measures should include:**

- Restoring the rate of Parenting Payment Single to parity with the Age Pension as was the payment design until 2009 and move the rate of Parenting Payment Partnered to 90% of the rate of the Age Pension in line with the Committee's recommendation on the adequacy of working age payments.
- Delivering targeted support through Family Tax Benefit (FTB) by restoring the maximum rate of FTB Part A to relativities in place in 2009. For children 0-12 this would require an increase of \$43.30 per fortnight and for children 13+ an increase of \$56.10 per fortnight.
- Restoring wage benchmarking of FTB Part A to the married rate of pension and undertaking further analysis on the costs of children and adequacy of income support in order to set appropriate benchmarks for FTB Part A and Part B rates and ensure financial support maintains its value both in real terms over time and in relation to these benchmarks.

### RECOMMENDATION 7

**The Government take a greater role in operating the Child Support Scheme to ensure that a child's right to receive appropriate financial support from their parent living elsewhere is upheld. Measures should include:**

- Providing additional resources to the Australian Tax Office's Lodgement Enforcement Program to investigate more child support cases and ensure more child support is paid.
- Defaulting to Agency Collect as the collection method for all new child support cases.



## RECOMMENDATION 8

**The Government eliminate the perverse incentives existing within the Child Support Scheme and the family payments systems that financially reward family violence perpetrators and penalise victim survivors. Measures include:**

- The Child Support Registrar be provided with the power to establish and collect upon child support assessments on behalf of a child, as appropriate and with regard to the safety of family violence victim survivors, in order to seek payments from a child's parent living elsewhere in cases where their resident parent has failed or is exempt from the Maintenance Action Test.
- Cease the retrospective application of the Maintenance Income Test in cases where the re-reconciliation of child support and FTB Part A would produce a retrospective FTB Part A debt.

## RECOMMENDATION 9

**That the Government adopt reducing child poverty and improving economic security for women as explicit objectives for the family payments and child support systems and that these objectives should be included in the set of principles that guide future reforms.**



### 3.1 INTRODUCTION

**This chapter examines the financial aspects of child poverty in Australia and how the various elements – Parenting Payment, FTB A and B, the Child Support Scheme, and JobSeeker Payment – can improve the income, welfare and safety of children and parents.**

It examines the adequacy of various payments, proposes lifting them to higher levels, and removing some of the rules that prevent families receiving their full payments and force some parents – mainly women – to either avoid seeking payments or put themselves at risk of potential threats by doing so.

Support for Families with Children<sup>1</sup> is a significant part of Australian Government spending on social security and welfare, amounting to an estimated \$52.5 billion in 2025-26, with Family Assistance through FTB providing \$22.2 billion of this, and

<sup>1</sup> The major components of spending on assistance to families with children is: family assistance, child care subsidy, income support payments targeted to parents and principal carers, child support, support for the child care system, families and children and family relationship services.

Parenting Payments a further \$8.2 billion.<sup>2</sup> These targeted forms of income support have historically been effective in significantly reducing child poverty,<sup>3</sup> particularly as a result of the Hawke Government’s historic pledge in 1987 to end child poverty, but in more recent decades, the adequacy and coverage of these payments have been reduced<sup>4</sup>. As a result, the system has become less effective in reducing child poverty.

The chapter also argues that the aims of Australia’s support system for families requires updating and should be far more ambitious. It proposes that the objectives of the family payments system should be expanded to include “poverty alleviation” and “economic security for women” as the system has the potential to directly impact these outcomes.

<sup>2</sup> Department of the Treasury, *2025-26 Budget, Budget Paper No. 1, Statement 5, Expenses and Net Capital Investment*, <https://budget.gov.au/content/bp1/index.htm>.

<sup>3</sup> B Cass and P Whiteford, *Social Inclusion and the Struggle against Child Poverty: Lessons from Australian Experience*, Paper for Expert Group Meeting on Policies to Advance Social Integration United Nations Department of Economic and Social Affairs, New York, 2009.

<sup>4</sup> M Stewart, E Porter, D Bowman & E Millane, *Growing pains: Family Tax Benefit issues and options for reform*, Brotherhood of St. Laurence, 2023.

### 3.2 CHILD POVERTY IN AUSTRALIA

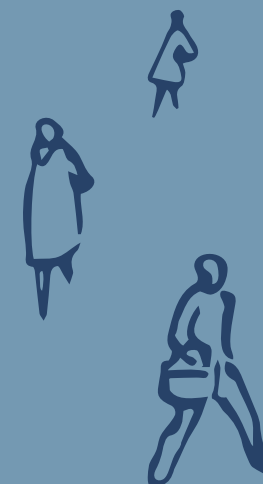
#### 3.2.1 THE ECONOMIC BENEFITS OF ERADICATING CHILD POVERTY

One of the top priorities of the Committee is to reduce the number of Australian children living in poverty.<sup>5</sup> While eliminating child poverty is strongly justifiable on moral grounds, the economic, fiscal, and wider social benefits of doing so deserve to be more widely understood. The case is widely discussed in the economic and public policy literature and is briefly stated here.

Poverty harms individuals, families, communities and societies.<sup>6</sup> Poverty has damaging immediate impacts on people’s lives. It has a negative impact on physical and mental health, education, employment, housing security, financial status and wellbeing. This results in greater need for and use of health services, educational support, income support, housing, homelessness and other social services – all of which generate significant economic costs for Government.

<sup>5</sup> As discussed in Chapter 5, Australia does not currently have an official definition of poverty. There are a number of widely used measures in research, but different estimates of the extent of poverty can be produced from different data sources, including the Australian Bureau of Statistics Surveys of Income and Housing (available up to 2019-20) and from the Melbourne Institute’s Household Income and Labour Dynamics in Australia (HILDA) survey (available from 2001 to 2023). While these produce different estimates of the precise numbers in poverty, they are broadly consistent and this Report specifies the precise source for the different estimates.

<sup>6</sup> R Wilkinson and K Pickett, *The Spirit Level: Why Equality is Better for Everyone*. London: Penguin, 2010.



There are two main strands of research on the impact of poverty. One focuses on the immediate impacts of poverty on people's daily lives. The other looks at the impact of growing up in poverty and the cumulative impact this has on children's later outcomes.

## **POVERTY LEAVES SCARS THAT EXTEND ACROSS THE ARC OF PEOPLES' LIVES AND ACROSS GENERATIONS.**

Australian and international research has found that growing up in disadvantage contributes to poorer employment outcomes in adulthood including lower hourly wages,<sup>7</sup> lower overall earnings<sup>8</sup> and fewer hours of employment.<sup>9</sup> Growing up in poverty increases the likelihood of experiencing poverty in adulthood.<sup>10</sup>

7 E Vera-Toscano & R Wilkins, *Does poverty in childhood beget poverty in adulthood in Australia?*, Melbourne Institute: Applied Economic & Social Research, University of Melbourne, 2020.

8 G J Duncan, A Kalil & K M Ziol-Guest, *Early childhood poverty and adult achievement, employment and health*, *Family Matters*, (93), 2013: 27-35.

9 G J Duncan, A Kalil & K M Ziol-Guest, *Early childhood poverty and adult achievement, employment and health*, *Family Matters*, (93), 2013: 27-35.

10 N Tilahun, J Persky, J Shin & M Zellner, *Childhood Poverty, Extended Family and Adult Poverty*, *Journal of Poverty*, 27(1), 2021: 1-14. <https://www.tandfonline.com/doi/full/10.1080/10875549.2021.2010860>.

As set out in research commissioned for the Committee's 2025 Report,<sup>11</sup> the health impacts of living in poverty in childhood are widely documented. Children growing up in poverty are more likely to experience ill-health during childhood and these cumulative experiences contribute to poorer health in adulthood. Impacts include higher incidence of low birth weight, being overweight or obese, asthma, poor oral health, developmental delays, poorer mental health and smoking in adolescence,

Additional research has focused on the impact of growing up in poverty on a range of educational outcomes. These studies have identified a higher incidence of negative outcomes among children living in poverty/disadvantage. These include higher incidence of grade repetition, dropping out of high school, having a learning disability, lower test scores, poor educational achievement and not being in employment, education or training at age 18-19.

11 B Bradbury, C Smyth & Y Naidoo, *The Impacts and Costs of Poverty to Australia*. Sydney: Social Policy Research Centre, UNSW Sydney, 2025. <https://www.dss.gov.au/system/files/documents/2025-04/eiac-2025-report-appendices.pdf>.

Reducing child poverty produces both a social and an economic dividend, as additional research commissioned for the 2025 Report strongly demonstrated.<sup>12</sup> This research provides estimates of the monetary value of the long-run economic benefits of increasing JobSeeker Payments. It found by reducing poverty through more adequate payments national human capital and output would grow and spending on Government services would decrease. It would also produce intergenerational effects with positive impacts on educational attainment among children of payment recipients, with long-run benefits for the productivity of Australia's workforce.

### **3.2.2 PREVALENCE OF CHILD POVERTY**

An estimated 3.6 million Australians (13%) are living in poverty, including one million children and young people (17%) (measured on an on after-housing-costs basis).<sup>13</sup>

It is relatively common for families with children in Australia to experience periods of income poverty. An estimated 45% of children in Australia will experience poverty at some point during their childhood. For just over 10% of children their childhoods are lived in persistent poverty – that is, for more than five years of their first ten years of life (see Figure 3.1).

12 Mandala, *The Social Dividend: An Actuarial Case for Higher Income Support*, 2024.

13 Estimated from R Wilkins, E Vera-Toscano, F Botha, M Wooden and T-A Trinh, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 20*, 2022, Table 3.10.

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## **AN ESTIMATED 3.6 MILLION AUSTRALIANS**

(13%) are living in poverty

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Including **one million** children and young people

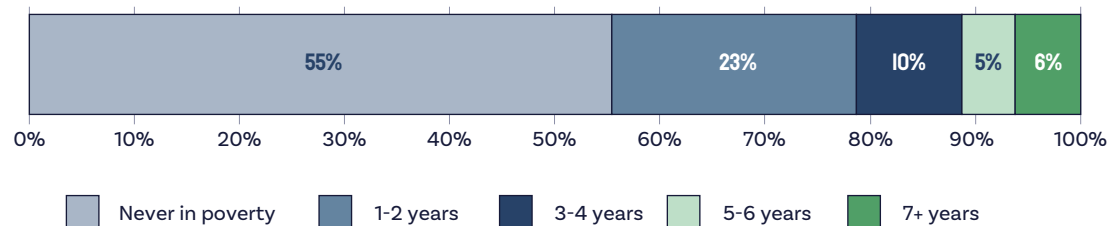
Poverty is markedly more prevalent among children in single-parent families.<sup>14</sup> Over the course of the HILDA Survey (from 2001 to 2023), the poverty rate for children in single parent families has consistently been over twice the poverty rate for children in couple parent families. In 2022, the poverty rate based on income after housing for children in single parent families reached its highest ever level in the HILDA Survey period, at 36.2%, with only a slight decline in this poverty rate in 2023 (see Figure 3.2). Previous research undertaken for this Committee has estimated that 72% of households receiving Parenting Payment, the significant majority of whom are single parents, lived in poverty in 2019-20.<sup>15</sup>

**THIS WAS BY FAR THE HIGHEST POVERTY RATE AMONG ANY CATEGORY OF PEOPLE RECEIVING INCOME SUPPORT.**

14 I LaB, F Botha, K Peyton & R Wilkins, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 23, 2025*, [https://melbourneinstitute.unimelb.edu.au/\\_data/assets/pdf\\_file/0011/4382057/HILDA\\_Statistical\\_Report\\_2022.pdf](https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0011/4382057/HILDA_Statistical_Report_2022.pdf).

15 B Bradbury, C Smyth & Y Naidoo, *The Impacts and Costs of Poverty to Australia*, University of NSW- Social Policy Research Centre, 2025.

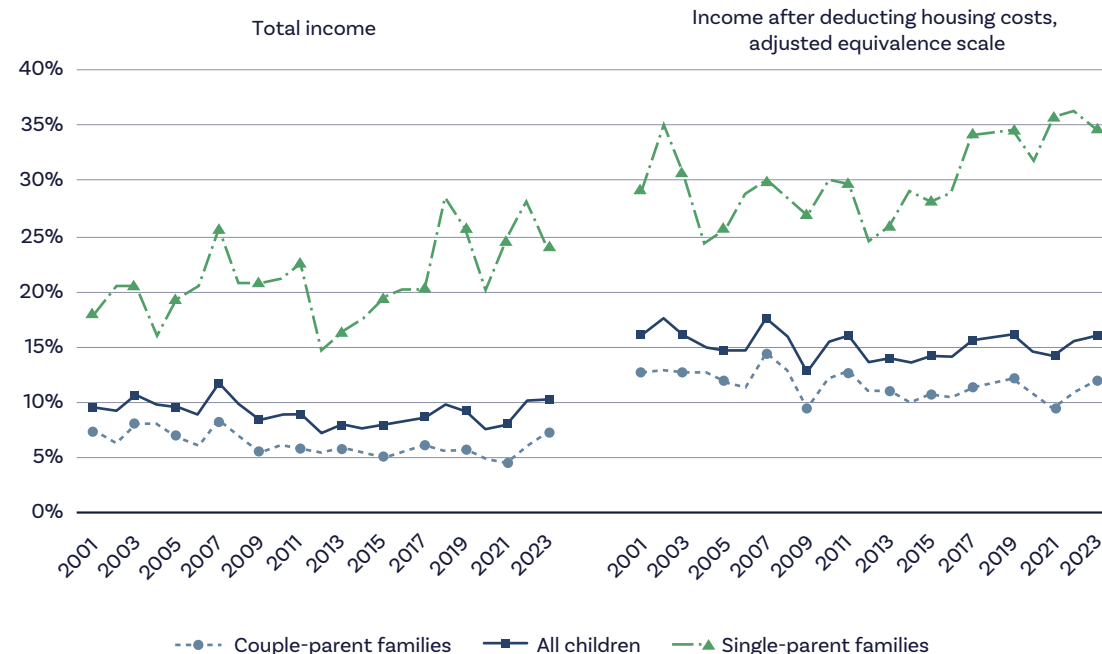
**FIGURE 3.1: THE SHARE OF CHILDREN EXPERIENCING POVERTY IN THE FIRST TEN YEARS OF LIFE, AUSTRALIA**



Note: Analysis based on children born between 2005 and 2010.

Source for Figure 3.1: Estimated from R Wilkins, E Vera-Toscano, F Botha, M Wooden and T-A Trinh, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 20, 2022*, Table 3.10.

**FIGURE 3.2: CHILD POVERTY RATES BY FAMILY TYPE, DEPENDENT CHILDREN AGED UNDER 18, AUSTRALIA 2001 TO 2023**



Source for Figure 3.2: Figure 3.8 in I LaB, F Botha, K Peyton and R Wilkins, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 23*. Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, 2025.



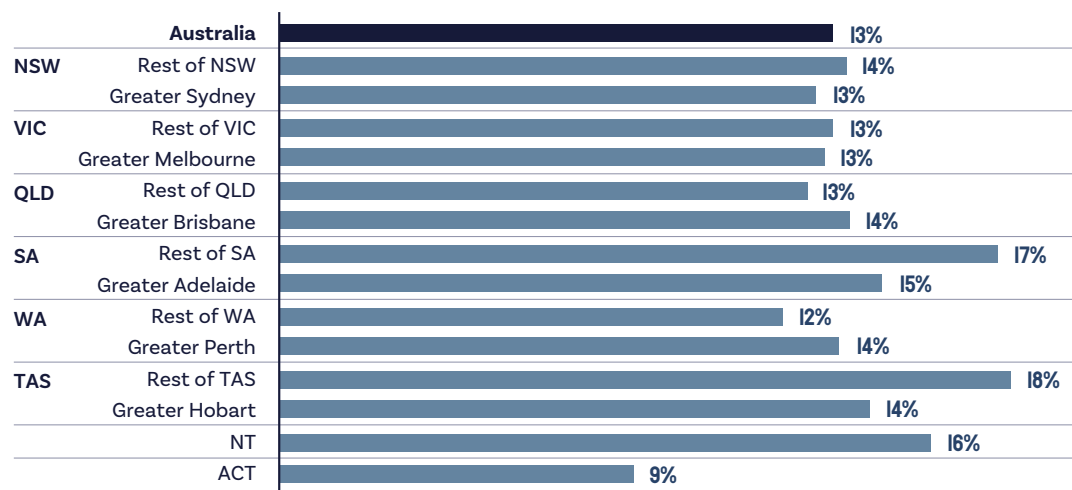
Poverty is more prevalent in regions and smaller states and territories, with prevalence rates of up to 18% in regional areas, relative to 13% nationally (see Figure 3.3).

**POVERTY RATES AMONG INDIGENOUS AUSTRALIANS LIVING IN VERY REMOTE AREAS WERE AS HIGH AS 57% ACCORDING TO ANU ANALYSIS OF 2021 CENSUS DATA.<sup>16</sup>**

Overall, poverty rates, including child poverty rates, have not shifted substantially in the decade to 2019-20 after some larger shifts up and down in the ten years prior (see Figure 3.4).

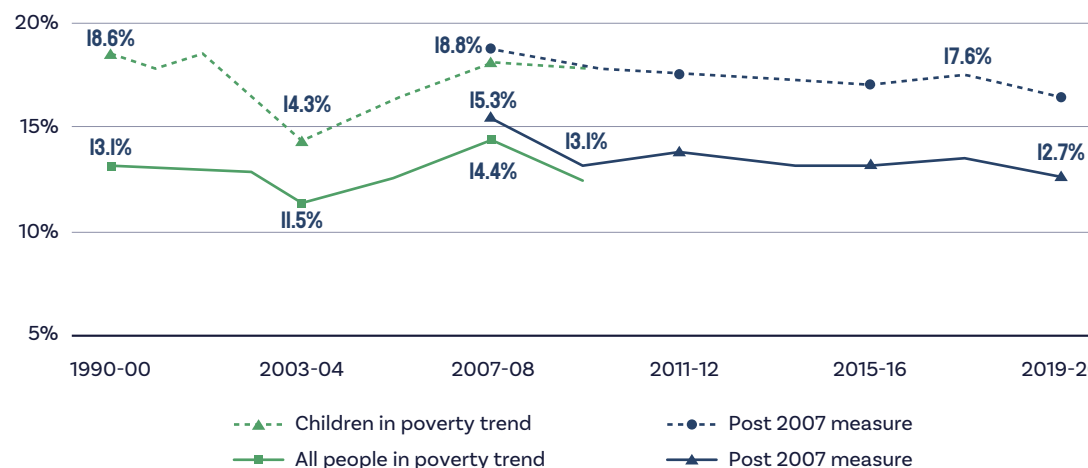


**FIGURE 3.3: POVERTY RATES IN AUSTRALIA BY STATE AND REGION, 2024**



Source for Figure 3.3: Deloitte Access Economics estimates, using prevalence rates published by the UNSW and ACOSS research partnership, and 2024 population estimates from the Australian Bureau of Statistics.

**FIGURE 3.4: PERCENTAGE OF PEOPLE IN POVERTY, AUSTRALIA, 1999-2000 TO 2019-20**



Source for Figure 3.4: P Davidson & B Bradbury, Poverty in Australia 2025: Overview Australian Council of Social Service (ACOSS) and UNSW Sydney, [https://povertyandinequality.acoss.org.au/poverty\\_in\\_australia\\_2025\\_overview/](https://povertyandinequality.acoss.org.au/poverty_in_australia_2025_overview/)

<sup>16</sup> F Markham, Submission 251 to the Senate Standing Committees on Community Affairs' Inquiry into the extent and nature of poverty in Australia, 2023.

### 3.2.3 CHILD POVERTY AMONG KEY GROUPS

To dive deeper into the distribution of child poverty across key cohorts the Committee has examined the financial stress modelling undertaken by ANU.

#### 3.2.3.1 UNDERSTANDING “FINANCIAL STRESS ANALYSIS”

Financial stress analysis is an approach to understanding how poverty affects daily living through things like skipping essentials, going hungry, and struggling to meet utilities, rent, mortgage or other repayments.

Phillips, Webster and Gray<sup>17</sup> use financial stress data from HILDA to develop equivalence scales to compare different family types and circumstances. HILDA survey’s respondents about their experiences in the past year. The specific question is “Since January [relevant year] did any of the following happen to you because of a shortage of money?” with the following list provided:

- Could not pay electricity, gas or telephone bills on time
- Could not pay the mortgage or rent on time
- Pawned or sold something
- Went without meals
- Was unable to heat home
- Asked for financial help from friends or family

<sup>17</sup> B Phillips, R Webster and M Gray, *The cost of children and adequacy of family payments in Australia*, POLIS: The Centre for Social Policy Research, the Australian National University, 2022.

- Asked for help from welfare / community organisations
- Could you raise \$4,000 for an emergency (no or would have to ‘do something drastic’).

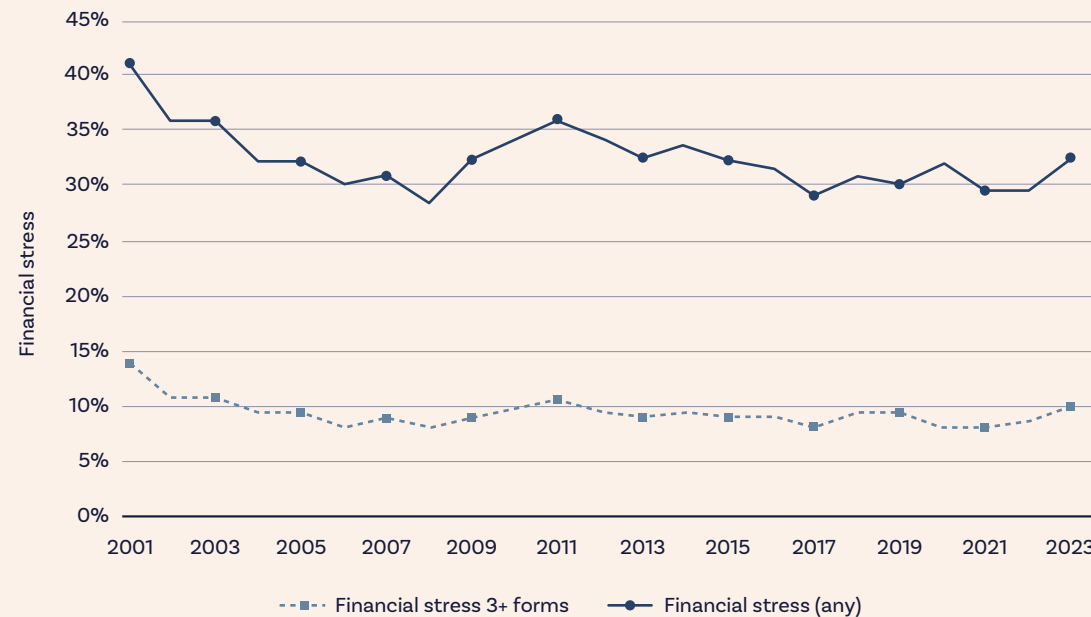
Three or more forms of financial stress are considered a strong indicator of poverty. The analysis in Figure 3.5 provides an instructive profile into the cohorts under most financial stress and also into trends this century.

#### 3.2.3.2 FINANCIAL STRESS OVER TIME – ALL AUSTRALIANS

Figure 3.5 shows that financial stress for Australians reduced between 2001 and 2008 but has been roughly level (or slightly higher) since. Around 10% of persons were under serious financial stress (as measured by three or more forms of stress out of eight). Around 32.5% of persons experienced ‘any stress’.

**Three or more forms of financial stress are considered a strong indicator of poverty.**

**FIGURE 3.5: PER CENT OF AUSTRALIAN ADULTS EXPERIENCING 3+ FORMS OF STRESS VS ‘ANY STRESS’**



Source for Figure 3.5: B Phillips, Australian National University (2025) using *The Household, Income and Labour Dynamics in Australia Survey 2023*



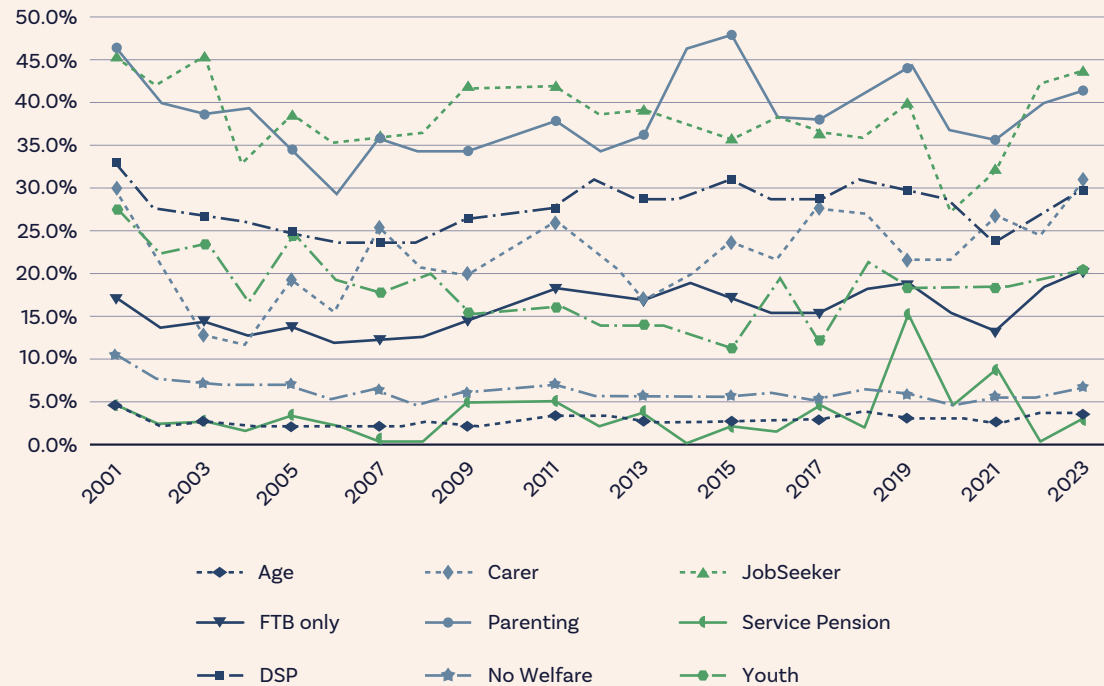
### 3.2.3.3 FINANCIAL STRESS BY INCOME SUPPORT TYPE

Figure 3.6 shows financial stress for people receiving different income support payment types and people who do not receive income support.

**CONSISTENTLY THROUGH TIME  
JOBSEEKER PAYMENT AND  
PARENTING PAYMENT RECIPIENTS  
FACE THE HIGHEST RATES OF STRESS  
– TYPICALLY AROUND 40% FACE  
SEVERE FINANCIAL STRESS.**

Carer Payment and DSP recipients also face relatively high rates with between 20% and 30% typically in stress. Youth Allowance (both Other and Students) and FTB only recipients are lower between 10% and 25%. Age Pension recipients have the lowest stress – lower than adults who do not access income support. Service pensioners also have relatively low rates of financial stress.

**FIGURE 3.6: FINANCIAL STRESS BY INCOME SUPPORT TYPE (INCLUDING NON-RECEIPT), AUSTRALIA, 2001 TO 2023**



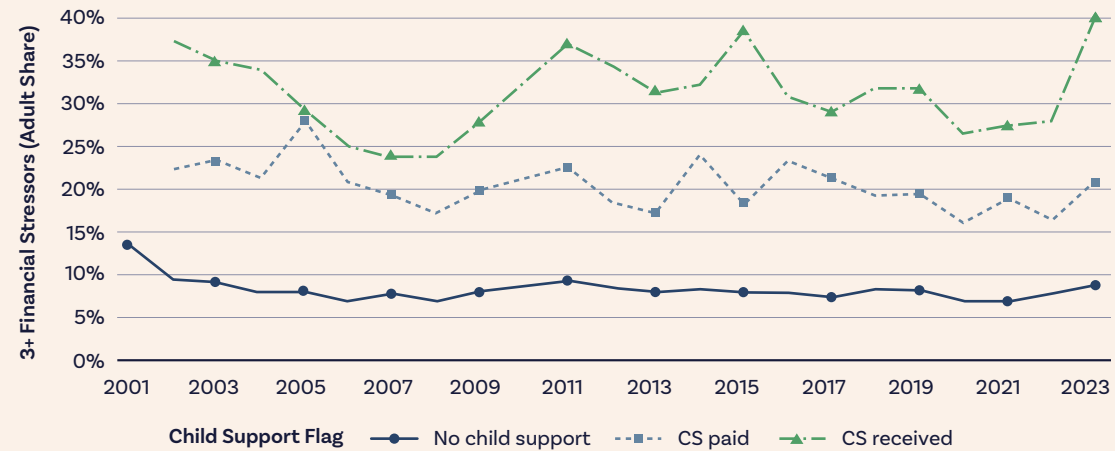
Source for Figure 3.6: B Phillips, Australian National University (2025) using *The Household, Income and Labour Dynamics in Australia Survey 2023*



### 3.2.3.4 FINANCIAL STRESS OF CHILD SUPPORT SCHEME PARTICIPANTS

Child support receivers have high rates of financial stress – often higher than DSP recipients. Payers also have elevated rates of stress but not as high as those receiving child support (see Figure 3.7).

**FIGURE 3.7: FINANCIAL STRESS BY CHILD SUPPORT TYPE**

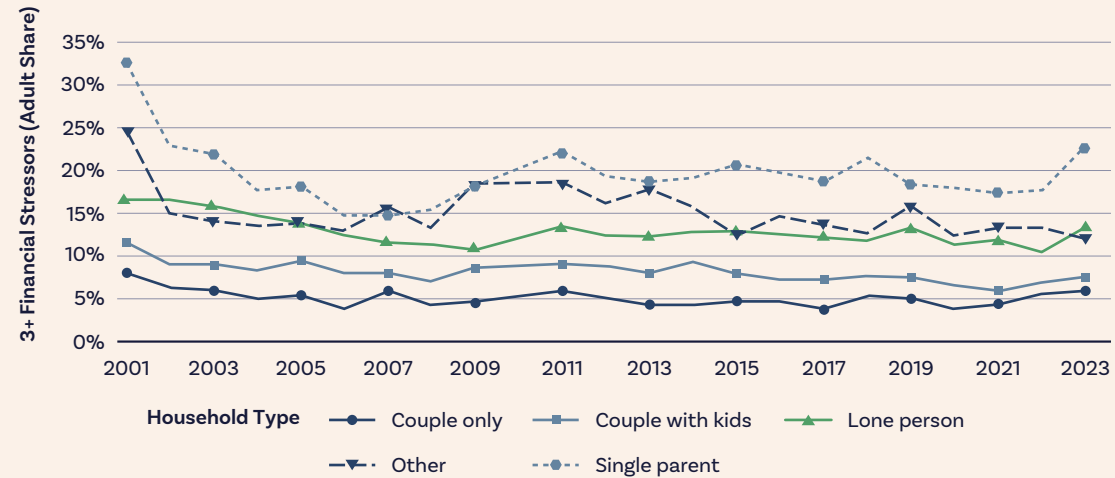


Source for Figure 3.7: B Phillips, Australian National University (2025) using *The Household, Income and Labour Dynamics in Australia Survey 2023*

### 3.2.3.5 FINANCIAL STRESS BY FAMILY COMPOSITION OF HOUSEHOLD

Figure 3.8 shows that single parents have by far the highest rates of stress while couple only and couples with children families have the lowest.

**FIGURE 3.8: FINANCIAL STRESS BY HOUSEHOLD TYPE**

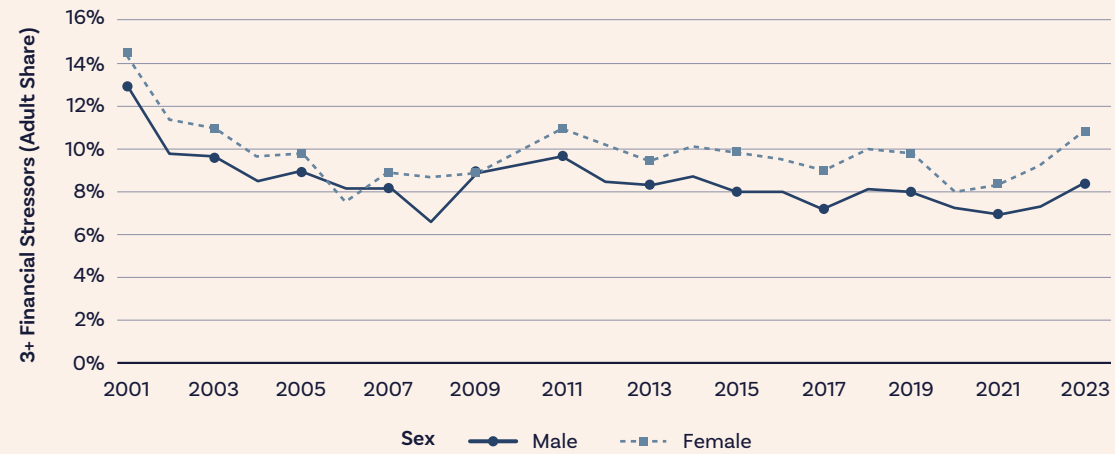


Source for Figure 3.8: B Phillips, Australian National University (2025) using *The Household, Income and Labour Dynamics in Australia Survey 2023*

### 3.2.3.6 FINANCIAL STRESS BY GENDER

There is some difference in financial stress between genders with females typically having moderately higher rates than males (see Figure 3.9).

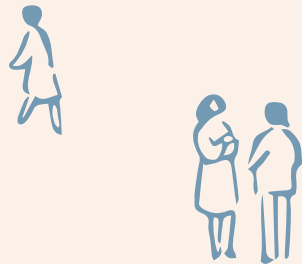
**FIGURE 3.9: FINANCIAL STRESS BY GENDER**



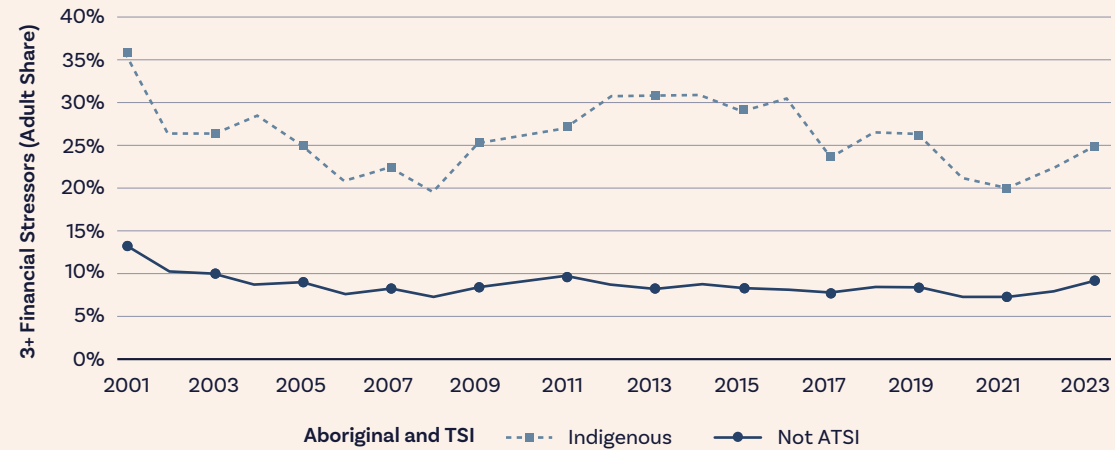
Source for Figure 3.9: B Phillips, Australian National University (2025) using *The Household, Income and Labour Dynamics in Australia Survey 2023*

### 3.2.3.7 FINANCIAL STRESS BY INDIGENEITY

Aboriginal and Torres Strait Islander people have substantially higher rates of financial stress than the rest of Australia's population - between two and three times the rates over time.



**FIGURE 3.10: FINANCIAL STRESS BY INDIGENEOUS STATUS**



Source for Figure 3.10: B Phillips, Australian National University (2025) using *The Household, Income and Labour Dynamics in Australia Survey 2023*

### 3.2.3.8 FINDINGS FROM FINANCIAL STRESS APPROACHES

These findings identify cohorts that should be prioritised for improved assistance. They include people receiving JobSeeker Payment and Parenting Payments as well as people receiving child support payments. They are dominated by families headed by women and many face multiple intersecting and compounding drivers of financial stress.

### 3.2.4 A NOTE ON POVERTY MEASURES

In Chapter 5 the Committee argues for official poverty measures. Given the crucial role of an improved family payments in reducing child poverty, it recommends that child poverty reduction be explicitly embedded as a design objective in the future operation of Australia’s family payments system.

## 3.3 POVERTY SHORTFALLS – HOW DEEP IS THE POVERTY IN WHICH ONE IN SEVEN CHILDREN LIVE?

In addition to the prevalence and distribution of child poverty, the Committee has examined how deep the experience of poverty is. In other words: How far below the poverty line are the households in which these children live? How does this affect their quality of life in practical ways? Are some cohorts further below than others?

To deepen its understanding and attempt to quantify the “poverty shortfall” families in the most affected cohorts experience (the gap between income and living needs), the Committee has drawn on several further analytical approaches:

- “Budget standards” approaches.
- “Cost of children” analysis drawn from these budget standards.
- Historical payment rates.

### 3.3.1 BUDGET STANDARDS APPROACHES

A budget standard indicates how much a particular household living in a particular place at a particular time needs in order to achieve a particular standard of living.<sup>18</sup> They are derived by specifying the goods and services that particular family types require to attain an acceptable minimum standard of consumption and participation. They are consistent with healthy living in all its dimensions (for example, in terms of diet, health care and spending and individual activity).

### BUDGET STANDARDS CAN HELP ASSESS THE ADEQUACY OF INCOME BY COMPARING THE BUDGET STANDARD FOR A PARTICULAR FAMILY TYPE WITH THE INCOME SUPPORT THEY RECEIVE.

<sup>18</sup> P Saunders & M Bedford, *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians*. (SPRC Report 11/17). Sydney: Social Policy Research Centre, UNSW Sydney, 2017.

The Committee commissioned updated budget standard estimates in 2024 that covered core living costs, housing costs and discretionary spending across a variety of family types including single and couple families and those with one and two children. It provided a limited examination of budget standards for a remote Australian community compared with urban communities.

It then compared these budget standards with household income for adults receiving the minimum wage and those receiving income support payments.

There are a number of limitations to these budget standards – see the Committee’s 2024 Report.<sup>19</sup> However, this analysis provides a range of evidence about the shortfalls in income for low-income families including the adequacy of income support and FTB compared with the estimated costs of living in a household free of deprivation. A summary of the most relevant findings is presented in Table 3.1 and Table 3.2.<sup>20</sup>

#### 3.3.1.1 BUDGET STANDARDS FOR COUPLE AND SINGLE PARENT HOUSEHOLDS

Tables 3.1 and 3.2 present the budget standards for couple households and single parent households – that is, what it takes for these households to live a modest lifestyle across the categories of expenditure that families spend money on.

<sup>19</sup> Economic Inclusion Advisory Committee, *Report for the 2025–26 Budget released on 11 March 2025*, Department of Social Services, Canberra.

<sup>20</sup> UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*.



**TABLE 3.I: BUDGETS FOR COUPLE HEADED HOUSEHOLDS BY BUDGET AREA (\$PW)**

		COUPLE			COUPLE WITH ONE CHILD			COUPLE WITH TWO CHILDREN		
		SINGLE EARNER (FT, NILF)	DUAL EARNER (FT, PT)	UNEMPLOYED (UN, UN)	SINGLE EARNER (FT, NILF)	DUAL EARNER (FT, PT)	UNEMPLOYED (UN, UN)	SINGLE EARNER (FT, NILF)	DUAL EARNER (FT, PT)	UNEMPLOYED (UN, UN)
<b>CORE</b>	Food	180	180	171	221	221	210	279	279	266
	Personal Care	31	38	29	38	46	37	45	52	43
	Clothing & Footwear	20	27	16	30	36	22	40	46	28
	Recreation	52	52	27	85	85	47	104	104	64
	Household Goods & Services	129	135	115	154	156	137	163	165	146
	Health	25	25	25	38	38	38	51	51	51
	Transport	196	196	56	230	230	198	231	231	198
	Education	0	0	0	26	48	27	59	104	62
<b>HOUSING</b>	Renting	483	483	400	483	483	448	511	511	483
	Purchasing	804	804	706	804	804	804	902	902	902
	Discretionary	341	351	109	361	371	130	386	396	142
<b>TOTALS</b>	Core	633	653	439	821	860	716	971	1,032	858
	Core + renting	1,117	1,136	839	1,305	1,343	1,164	1,482	1,543	1,341
	Core + purchasing	1,437	1,457	1,145	1,625	1,664	1,520	1,874	1,935	1,760
	Core + renting + discretionary	1,457	1,487	949	1,666	1,714	1,294	1,868	1,939	1,483
	Core + purchasing + discretionary	1,778	1,808	1,254	1,986	2,035	1,650	2,260	2,331	1,902

Source for Table 3.1: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 19.

**TABLE 3.2: BUDGETS FOR SINGLE PARENT HOUSEHOLDS BY BUDGET AREA**

		SINGLE MOTHER WITH ONE CHILD			SINGLE FATHER WITH ONE CHILD			SINGLE MOTHER WITH TWO CHILDREN			SINGLE FATHER WITH TWO CHILDREN		
		FT	PT	UN	FT	PT	UN	FT	PT	UN	FT	PT	UN
<b>CORE</b>	Food	123	123	117	139	139	132	181	181	172	197	197	188
	Personal Care	34	33	26	20	20	18	41	40	33	27	27	25
	Clothing & Footwear	24	24	15	21	21	14	35	35	21	32	32	20
	Recreation	72	72	35	72	72	35	91	91	51	91	91	51
	Household Goods & Services	132	132	116	132	132	116	143	143	127	143	143	127
	Health	26	26	26	25	25	25	39	39	39	38	38	38
	Transport	148	148	146	147	147	145	150	150	147	148	148	146
	Education	66	47	27	66	47	27	140	101	62	140	101	62
<b>HOUSING</b>	Renting	483	483	448	483	483	448	511	511	483	511	511	483
	Purchasing	804	804	804	804	804	804	902	902	902	902	902	902
	Discretionary	212	202	91	206	196	85	237	227	103	231	221	97
<b>TOTALS</b>	Core	626	605	508	623	603	512	819	778	652	816	777	656
	Core + renting	1,109	1,088	956	1,106	1,086	960	1,329	1,289	1,136	1,326	1,287	1,139
	Core + purchasing	1,430	1,409	1,312	1,427	1,407	1,316	1,721	1,681	1,555	1,718	1,679	1,558
	Core + renting + discretionary	1,321	1,290	1,047	1,312	1,283	1,045	1,566	1,516	1,239	1,557	1,508	1,236
	Core + purchasing + discretionary	1,642	1,611	1,403	1,633	1,604	1,401	1,958	1,908	1,658	1,949	1,900	1,655

Source for Table 3.2: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 17.



### 3.3.1.2 LIMITATIONS OF THE BUDGET STANDARDS APPROACH

While the Committee found this Budget Standards analysis useful for assessing the adequacy of family payments, it contains assumptions and constraints which must be taken into account when drawing conclusions.

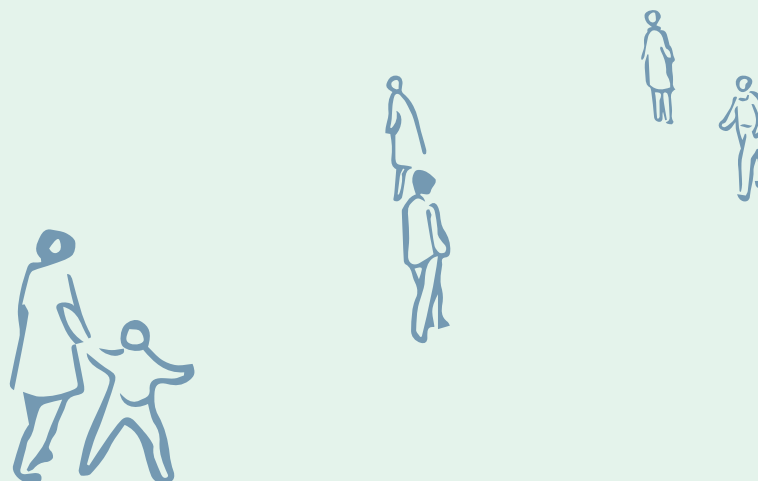
First, the analysis assumes all households maintain reasonably good physical and mental health.<sup>21</sup> Second, it assumes that childless people who are unemployed do not require a car for transport and that similar families who have children do require a car. This one assumption has a significant impact on budget and adequacy findings which may or may not reflect the real experiences and real choices families make. On the one hand, it may under-estimate costs for people without children, on the other it creates a larger gap between the “no children” and “with children” scenarios which, in turn, produces higher estimates of the costs of children – which are calculated as the difference between the budgets for those with and without children.

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<sup>21</sup> Department of Social Services data show however that around 40% of people receiving JobSeeker Payment in February 2026 had a partial capacity to work due to an ongoing physical, intellectual, or psychiatric impairment, temporary injury, or illness. (DSS JobSeeker Payment and Youth Allowance recipients – monthly profile, data.gov.au.)

### 3.3.1.3 COMPARISONS BETWEEN INCOME AND BUDGET STANDARDS – MINIMUM WAGE EARNERS

In the next sections it compares the income of various household types with budget standards to explore the adequacy of family payments. Table 3.3 compares households receiving the minimum wage and top ups from FTB with their estimated budget standards. The final two columns express that comparison as a percentage ratio of income as a percentage of the budget – 100% means the income is precisely matched to the budget, 120% means the income is 20% greater than the budget, and 90% means the income falls short of the budget by 10%.



**TABLE 3.3: WEEKLY DISPOSABLE INCOME WHEN RECEIVING MINIMUM WAGE, COMPARED TO BUDGET STANDARDS FOR DIFFERENT HOUSEHOLD TYPES, 2024**

	DISPOSABLE INCOME WHEN RECEIVING MINIMUM WAGE (DEC 2024)	BUDGET			MINIMUM WAGE AS % OF BUDGET	
		CORE	RENTING	DISCRETIONARY	INCLUDING RENTING	INCLUDING RENTING & DISCRETIONARY
Single adult, FT	\$805	\$404	\$426	\$163	97%	81%
Single parent, FT, 1 child	\$1,318	\$624	\$483	\$209	119%	100%
Single parent, PT, 1 child	\$1,178	\$604	\$483	\$199	108%	92%
Single parent, FT, 2 children	\$1,447	\$817	\$511	\$234	109%	93%
Single parent, PT, 2 children	\$1,306	\$777	\$511	\$224	101%	86%
Single-earner couple (FT, NILF), no child	\$1,126	\$633	\$483	\$341	101%	77%
Single-earner couple (FT, NILF), 1 child	\$1,338	\$821	\$483	\$361	103%	80%
Single-earner couple (FT, NILF), 2 children	\$1,474	\$971	\$511	\$386	99%	79%
Dual-earner couple (FT, PT), no child	\$1,356	\$653	\$483	\$351	119%	91%
Dual-earner couple (FT, PT), 1 child	\$1,498	\$860	\$483	\$371	111%	87%
Dual-earner couple (FT, PT), 2 children	\$1,626	\$1,032	\$511	\$396	105%	84%

Note: Wage for FT workers is \$915.90 per week, (PT 50% of this). Taxes and benefits at Quarter 4 2024. The second adult in the single earner couple without children is assumed to be looking for work and hence eligible for JobSeeker. Includes Rent Assistance.

Source for Table 3.3: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 25.



### 3.3.1.4 COMPARISONS BETWEEN INCOME AND BUDGET STANDARDS – COUPLE AND SINGLE PARENT HOUSEHOLDS RECEIVING INCOME SUPPORT AS MAIN INCOME

Tables 3.4 and 3.5, prepared by DSS, provide a deeper comparison and breakdown of income to budget for couple and single parent households where income support is the main source of income and households are renting. For simplicity these tables do not consider interactions with the Child Support Scheme. The comparison is expressed towards the bottom of each table both as a dollar gap and as a ratio of income to budget. Both income support and FTB payments are included. A “no children” scenario is also presented for context and to serve as a basis for comparative analysis undertaken in section 3.3.3.

**TABLE 3.4: COMPARISON OF BUDGET STANDARDS AND INCOME SUPPORT FOR UNEMPLOYED COUPLE FAMILY, 2024**

ITEMS (\$ PER WEEK)	BUDGET STANDARDS		
	NO CHILDREN	1 CHILD	2 CHILDREN
Budget excluding housing (Table 19)	\$439	\$716	\$858
Weekly rents	\$400	\$448	\$483
<b>UNSW BUDGET/COST (1)</b>	<b>\$839</b>	<b>\$1,164</b>	<b>\$1,341</b>
Assistance: FTB <sup>22</sup> & ISP (2)	\$795	\$967	\$1,090
Income Support <sup>23</sup>	\$706	\$706	\$706
Rent Assistance	\$89	\$111	\$111
FTB A		\$107	\$213
FTB A supplement		\$17	\$34
FTB B		\$18	\$18
FTB B supplement		\$8	\$8
<b>Gap (2 minus 1)</b>	<b>-\$44</b>	<b>-\$197</b>	<b>-\$251</b>
Ratio	95%	83%	81%

22 Note: The weekly rate of FTB includes the end of year supplements, which are paid after the end of the financial year provided tax lodgement requirements are met. Families must also have income below \$80,000 to receive the FTB A supplement.

23 For unemployed couple families with no children, both recipients are assumed to receive the maximum typical partnered rate of Jobseeker Payment. For families with children, one parent is assumed to receive the maximum typical rate of Parenting Payment Partnered and the other receives the typical partnered rate of Jobseeker Payment.

**TABLE 3.5: COMPARISON OF BUDGET STANDARDS AND INCOME SUPPORT FOR UNEMPLOYED SINGLE MOTHER, EXEMPTED FROM FTB A MAINTENANCE ACTION TEST**

ITEMS (\$ PER WEEK)	BUDGET STANDARDS		
	NO CHILDREN	1 CHILD	2 CHILDREN
Budget excluding housing (Table 15)	\$254	\$508	\$652
Weekly rents	\$400	\$448	\$483
<b>UNSW BUDGET/COST (1)</b>	<b>\$654</b>	<b>\$956</b>	<b>\$1,135</b>
Assistance: FTB & ISP & CS (2)	\$480	\$809	\$932
Income Support <sup>24</sup>	\$386	\$503	\$503
Rent Assistance	\$94	\$111	\$111
FTB A		\$107	\$213
FTB A supplement		\$17	\$34
FTB B		\$63	\$63
FTB B supplement		\$8	\$8
Child Support		0	0
<b>Gap (2 minus 1)</b>	<b>-\$174</b>	<b>-\$147</b>	<b>-\$203</b>
Ratio	73%	85%	82%

24 Unemployed single recipients assumed to receive the maximum typical single rate of Jobseeker Payment. Unemployed single recipients with children receive the maximum typical rate of Parenting Payment Single. Note this also applies to Tables 3.6 and 3.7.

Source for Table 3.4: Calculations based on: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 19, and income support and FTB payment rates at 20 March 2024, Services Australia, *A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.

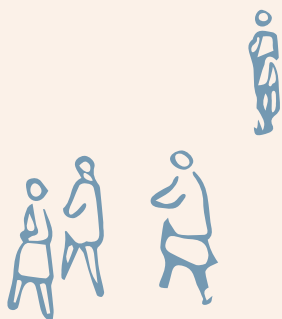
Source for Table 3.5: Calculations based on: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 17, and income support and FTB payment rates at March 2024, Services Australia, *A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.

### 3.3.1.5 COMPARISONS BETWEEN INCOME AND BUDGET STANDARDS – SINGLE PARENT HOUSEHOLDS, INCLUDING CHILD SUPPORT INTERACTION

Tables 3.6 and 3.7 examine case studies of a single parent family where income support is the main source of income and where there is a significant interaction with the Child Support Scheme.

In the first case study the parent receives an average amount of child support from their ex-partner.

In the second case study the single parent receives no child support and has failed the MAT – the requirement for the payee in child support to seek financial support from their ex-partner (the payer).



**TABLE 3.6: COMPARISON OF BUDGET STANDARDS AND INCOME SUPPORT FOR UNEMPLOYED SINGLE MOTHER RECEIVING AVERAGE CHILD SUPPORT**

ITEMS (\$ PER WEEK)	BUDGET STANDARDS		
	NO CHILDREN	1 CHILD	2 CHILDREN
Budget excluding housing (Table 15)	\$254	\$508	\$652
Weekly rents	\$400	\$448	\$483
UNSW BUDGET/COST (1)	\$654	\$956	\$1,135
Assistance: FTB & ISP & CS (2)	\$480	\$863	\$1,029
Income Support	\$386	\$503	\$503
Rent Assistance	\$94	\$111	\$111
FTB A		\$88	\$164
FTB A supplement		\$17	\$34
FTB B		\$63	\$63
FTB B supplement		\$8	\$8
Child Support		\$73	\$146
<b>Gap (2 minus 1)*</b>	<b>-\$174</b>	<b>-\$93</b>	<b>-\$106</b>
Ratio	73%	90%	91%
<i>*if no child support received</i>		-\$166	-\$252
Ratio if no child support		83%	78%

**TABLE 3.7: COMPARISON OF BUDGET STANDARDS AND INCOME SUPPORT FOR UNEMPLOYED SINGLE MOTHER, FAILING THE FTB A MAT**

ITEMS (\$ PER WEEK)	BUDGET STANDARDS		
	NO CHILDREN	1 CHILD	2 CHILDREN
Budget excluding housing (Table 15)	\$254	\$508	\$652
Weekly rents	\$400	\$448	\$483
UNSW BUDGET/COST (1)	\$654	\$956	\$1,135
Assistance: FTB & ISP & CS (2)	\$480	\$719	\$770
Income Support	\$386	\$503	\$503
Rent Assistance	\$94	\$94	\$94
FTB A		\$34	\$68
FTB A supplement		\$17	\$34
FTB B		\$63	\$63
FTB B supplement		\$8	\$8
Child Support		\$0	\$0
<b>Gap (2 minus 1)</b>	<b>-\$174</b>	<b>-\$237</b>	<b>-\$365</b>
Ratio	73%	75%	68%

Source for Table 3.6: Calculations based on: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 17, and income support and FTB payment rates at March 2024, Services Australia, *A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.

Source for Table 3.7: Calculations based on: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 17, and income support and FTB payment rates at March 2024, Services Australia, *A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.

### 3.3.1.6 SUMMARY OF FINDINGS FROM BUDGET STANDARDS APPROACH

This budget standards analysis shows that low-income households with children where adults earn the minimum wage and receive FTB can just cover core living costs when renting but would struggle to build a financial buffer through savings and either cannot afford or must tightly manage discretionary spending<sup>25</sup> if incomes are to match budgets. Income to budget ratios, excluding all discretionary spending, ranged from 97% to 119%. This analysis presents 2024 settings for these family types as basically adequate, with the caveat that where a family member may have extra needs or if ill health or unemployment strikes, life would quickly become precarious. This analysis also assumes it is achievable for a family to significantly reduce or go without discretionary spending on an ongoing basis.

## THE PICTURE IS DIFFERENT FOR HOUSEHOLDS RECEIVING INCOME SUPPORT AS THEIR MAIN INCOME SOURCE.

<sup>25</sup> Discretionary spending includes any spending on alcohol, domestic holidays or overseas travel, tobacco, gambling, eating out lunch at work, eating out for a weekend meal, health insurance, gym membership, birthday parties for children, and any emergency expenditures.

These households did not receive enough total income in 2024 to meet basic housing and living costs even after all forms of discretionary spending are eliminated.<sup>26</sup> From this data a single parent receiving the full range of income support and FTB payments as well as an average amount of child support from their ex-partner is between \$93 per week (one child) and \$106 per week (two children) short of the budget standard. Per week shortfalls of \$200 and more are common across different family types among households relying on income support.

This analysis of single parent incomes and the interaction with the Child Support Scheme underlines the Committee's following concerns:

- Where child support is received, combined income support and FTB are inadequate to prevent children growing up in poverty (e.g. \$106 per week shortfall for two child households).
- Where child support is assumed but not actually paid, this results in a significant shortfall of \$252 per week in a two-child family.

<sup>26</sup> Given that payments are indexed to the CPI, it could be expected that the same conclusion would be reached currently.

- Where child support is not sought from ex-partners and the MAT is failed, the financial impacts can be very significant. This is through the combination of: (a) no access to child support payments, and (b) substantially reduced FTB payments. In these cases, the shortfall is \$237 per week (one child) to \$365 per week (two children). As at June 2023, there were around 107,650 children in households where these circumstances apply, and the MAT has been failed. (There are about 943,930 children currently active across all income bands in the Child Support Scheme and 599,000 in families relying on income support as their main source of income).<sup>27</sup>

The reasons a parent may not seek maintenance from ex-partners – or seek the exemptions available – are diverse and there has been relatively limited study on the issue.<sup>28</sup> The Committee's engagement with people with a lived experience and a review of available evidence, suggests the main reasons are:

- Fear of reprisal and weaponisation of the system.
- Overwhelmed in the wake of relationship breakdown.
- Language barriers.
- Scheme complexity.
- Low levels of "system literacy".

<sup>27</sup> As at December 2025.

<sup>28</sup> See Commonwealth Ombudsman, Weaponising Child Support, Case Study, 2025, <https://www.ombudsman.gov.au/complaints/case-studies/weaponising-child-support>.

Where child support is received, combined income support and FTB are inadequate to prevent children growing up in poverty.

### \$106 SHORTFALL

per week for 2 children households

### \$252 SHORTFALL

per week for 2 children households where Child Support is assumed but not actually paid



### 3.3.3 ALTERNATIVE ANALYSIS CALCULATING COST OF CHILDREN FROM BUDGET STANDARDS AND COMPARING WITH EXTRA CHILD-RELATED PAYMENTS

Tables 3.8 and 3.11 examine the adequacy of family payments by comparing them to a calculation of the costs of children. This cost of children calculation is made by taking the “no child” scenario from tables 3.4 to 3.7 above and simply comparing it to the “one child” and “two children” scenarios.

This analysis is presented from two starting points: one is using the UNSW Budget Standards as the basis for the calculation and the second uses an adjusted budget figure.<sup>29</sup> This adjusted budget figure corrects for the assumption about car ownership embedded in the UNSW analysis – that a “no child” family does not require a car, but a “one child” or “two children” family does – by including costs of car ownership in the “no child” scenario.

29 The adjusted figure is derived from calculating the relativity of car costs between unemployed and employed families with children from the UNSW research and then applying that relativity to the “no children” case. The revised figure is then used for the comparison between the “no children” and one or two children cases. This produces adjusted figures reducing the differential by \$115 and \$90 for couple and single parent families respectively.

Using this methodology the following tables then examine the relative adequacy of family payments from two perspectives: (a) considering the total change in income support and also the receipt of FTB relative to the calculated cost of children; and

(b) considering only the FTB component, which isolates the relative effects of FTB as a child-focused payment.

**TABLE 3.8: COST OF CHILDREN: UNEMPLOYED COUPLE FAMILY**

	UNSW BUDGET		ADJUSTED BUDGET	
	1 CHILD	2 CHILDREN	1 CHILD	2 CHILDREN
Extra cost of kids	\$325	\$502	\$210	\$387
Total extra assistance: Income support + FTB	\$172	\$295	\$172	\$295
Gap: assistance to extra cost	-\$153	-\$207	-\$38	-\$92
Ratio: assistance to extra cost	53%	59%	82%	76%
<b>FTB analysis</b>				
FTB only	\$150	\$273	\$150	\$273
Gap: FTB to extra cost of kids	-\$175	-\$229	-\$60	-\$114
Ratio: FTB to extra cost of kids	46%	54%	71%	71%

Source for Table 3.8: Calculations based on: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 17, and income support and FTB payment rates at March 2024, Services Australia, *A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.

**TABLE 3.9: COST OF CHILDREN: UNEMPLOYED SINGLE MOTHER, EXEMPTED FROM FTB A MAT**

	UNSW BUDGET		ADJUSTED BUDGET	
	1 CHILD	2 CHILDREN	1 CHILD	2 CHILDREN
UNSW Budget - extra cost of kids	\$302	\$481	\$212	\$391
Total extra assistance: Income support + FTB	\$329	\$452	\$329	\$452
Gap: assistance to extra cost	\$27	-\$29	\$117	\$61
Ratio: assistance to extra cost	109%	94%	155%	116%
<b>FTB analysis</b>				
FTB only	\$195	\$318	\$195	\$318
Gap: FTB to extra cost of kids	-\$107	-\$163	-\$17	-\$73
Ratio: FTB to extra cost of kids	65%	66%	92%	81%

Source for Table 3.9: Calculations based on: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Table 17, and income support and FTB payment rates at March 2024, Services Australia, *A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.

**TABLE 3.IO: COST OF KIDS: UNEMPLOYED SINGLE MOTHER RECEIVING AVERAGE CHILD SUPPORT**

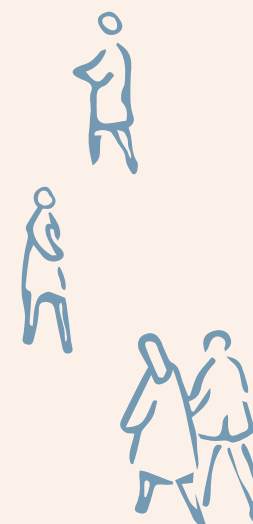
	UNSW BUDGET		ADJUSTED BUDGET	
	1 CHILD	2 CHILDREN	1 CHILD	2 CHILDREN
UNSW Budget - extra cost of kids	\$302	\$481	\$212	\$391
Total extra assistance: Income support + FTB + child support	\$383	\$549	\$383	\$549
Gap: assistance to extra cost	\$81	\$68	\$171	\$158
Ratio: assistance to extra cost	127%	114%	181%	140%
<b>FTB analysis</b>				
FTB only	\$176	\$269	\$176	\$269
Gap: FTB to extra cost of kids	-\$126	-\$212	-\$36	-\$122
Ratio: FTB to extra cost of kids	58%	56%	83%	69%

Source for Table 3.10:  
Calculations based on:  
UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024, Table 17*, and income support and FTB payment rates at March 2024, *Services Australia, A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.

**TABLE 3.II: COST OF KIDS: UNEMPLOYED SINGLE MOTHER, FAILING THE FTB A MAT**

	UNSW BUDGET		ADJUSTED BUDGET	
	1 CHILD	2 CHILDREN	1 CHILD	2 CHILDREN
UNSW Budget - extra cost of kids	\$302	\$481	\$212	\$391
Total extra assistance: Income support + FTB	\$239	\$290	\$239	\$290
Gap: assistance to extra cost	-\$63	-\$191	\$27	-\$101
Ratio: assistance to extra cost	79%	60%	113%	74%
<b>FTB analysis</b>				
FTB only	\$122	\$173	\$122	\$173
Gap: FTB to extra cost of kids	-\$180	-\$308	-\$90	-\$218
Ratio: FTB to extra cost of kids	40%	36%	67%	44%

Source for Table 3.11:  
Calculations based on:  
UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024, Table 17*, and income support and FTB payment rates at March 2024, *Services Australia, A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.



### 3.3.3.1 LIMITATIONS OF THIS COST OF CHILDREN ANALYSIS USING BUDGET STANDARDS

The Committee has already discussed the considerations regarding assumptions about car ownership that are important for interpretation of this data. The other major limitation of this modelling is the relative nature of the analysis and the very low income support figures inherent in the “no children” base case. That is, while in several scenarios presented above there is a relative improvement in overall adequacy from the combined effects of better income support and access to FTB in the “one child” and “two children” cases, these improvements are relative to the significantly inadequate rates of JobSeeker Payment.

**THUS, WHILST A RELATIVE OVERALL IMPROVEMENT IN INCOME ADEQUACY MAY BE SURMISED IN THESE SCENARIOS, THE OVERALL OUTCOME REMAINS WELL SHORT OF AN ADEQUATE LEVEL OF INCOME TO ESCAPE POVERTY.**

### 3.3.3.2 FINDINGS FROM THE COST OF CHILDREN ANALYSIS USING BUDGET STANDARDS

The comparative extra costs of children across these scenarios ranges from \$210 per week for one child and \$391 per week for two children at the low end, using the adjusted budget figures, through to \$325 and \$502 for one and two children respectively using the UNSW figures at the high end. This analysis presents mixed findings regarding how well combined family payments meet these extra costs.

In the case of an unemployed couple family relying on income support, shortfalls persist across all analytical scenarios, meaning that these families move deeper into poverty when they have children.

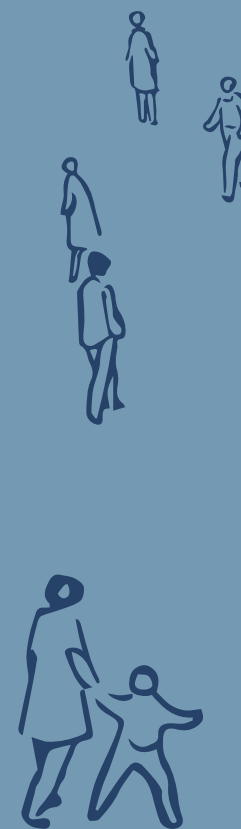
Comparing support for single adults relative to single parents whose main source of income is income support, in most scenarios there is a relatively improving picture of the adequacy of combined family payments, the notable exception being the scenario where the single parent fails the MAT and financial circumstances get worse. That is, in most scenarios the combined effects of increases in income support plus access to FTB is greater than the calculated extra costs of having children. However, this comparative improvement can be misleading as it is mainly driven by the very low rate of JobSeeker as the basis for the comparison – the rate of PPS is for instance about \$124 per week or 30% higher than JobSeeker.

When isolating the effects of FTB in all but one scenario the rate of FTB alone does not fully cover the extra cost of kids. Thus, the best way to understand these findings is that for single parents with younger children income support is more adequate than the JobSeeker Payment but that the extra costs of children are not met by FTB payments.

**AS A RESULT, UNDER ALL SCENARIOS FAMILY INCOME STILL FALLS WELL SHORT OF BUDGET STANDARDS DISCUSSED ABOVE.**

### 3.3.4 SIZING THE POVERTY SHORTFALLS

Measuring the costs of children and setting the rates of income support, FTB and other family payments for households of different sizes and composition involves a number of complex analytical challenges and there is no universally agreed method of setting these relativities. As with the Committee’s analysis in earlier reports of the adequacy of income support for adults receiving unemployment payments, it has adopted the broad approach that was used in the Harmer Review of Pensions in 2009. That is, to consider a range of approaches to measuring adequacy to identify where there is agreement and where further research is necessary.



Overall, the Harmer Review argued no single measure or benchmark could be used to determine whether or not payments are adequate.

In broad terms, that is the finding the Committee also makes in relation to support for children. It reviews multiple analytical approaches – financial stress indicators, budget standards, calculations of the costs of children and comparisons of payment relativities over time.

**OVERALL, THESE POINT TO THE SAME CONCLUSION: CURRENT FAMILY PAYMENT SETTINGS ARE INSUFFICIENT FOR FAMILIES RECEIVING INCOME SUPPORT WITH ADVERSE CONSEQUENCES FOR THEIR CAPACITY TO EAT REGULARLY, PAY BILLS AND DEAL WITH EMERGENCIES.**

In this context the Committee summarises the key findings on poverty shortfalls across the different scenarios presented in this section in per week and annual figures for each finding, noting the Committee’s view on the limitations of each methodology.

**TABLE 3.12: INCOME SHORTFALLS SUMMARY FROM FINDINGS**

<b>BUDGET STANDARDS APPROACH</b>				
<b>SINGLE PARENT FAMILY</b>	<b>1 CHILD PW</b>	<b>2 CHILDREN PW</b>	<b>1 CHILD PA</b>	<b>2 CHILDREN PA</b>
Minimum wage earner	No gap	No gap	No gap	No gap
Income support only	\$147	\$203	\$7,644	\$10,556
Income support + child support	\$93	\$106	\$4,836	\$5,512
Income support, MAT fail	\$237	\$365	\$12,324	\$18,980
<b>BUDGET STANDARDS APPROACH</b>				
<b>COUPLE FAMILY</b>	<b>1 CHILD PW</b>	<b>2 CHILDREN PW</b>	<b>1 CHILD PA</b>	<b>2 CHILDREN PA</b>
Minimum wage earner(s)	No gap	No gap	No gap	No gap
Income support only	\$197	\$251	\$10,244	\$13,052
<b>COST OF CHILDREN CALCULATED FROM BUDGET STANDARDS</b>				
	<b>1 CHILD PW</b>	<b>2 CHILDREN PW</b>	<b>1 CHILD PA</b>	<b>2 CHILDREN PA</b>
Unemployed couple family	\$38 to \$175	\$92 to \$229	Up to \$9,100	Up to \$11,908
Single parent, MAT exempt	No gap to \$107	No gap to \$163	Up to \$5,564	Up to \$8,476
Single parent, with child support	No gap to \$126	No gap to \$212	Up to \$6,552	Up to \$11,024
Single parent, failing MAT	No gap to \$180	\$81 to \$308	Up to \$9,360	Up to \$16,016

**3.3.5 HISTORICAL RELATIVITIES**

In the absence of any currently agreed set of benchmarks, another lens through which to consider the adequacy of family payments is to compare current rates with rates in the past. The Committee has looked at the rate of family payments and their relativity to the combined partnered rate of the Age Pension at three moments in the past 40 years:

- The Hawke era child poverty package (1987-89).
- The introduction of the GST and related compensation package (2000).
- The Harmer Review of Pensions (2009).

Table 3.13 records the relativities of per child family payments at each of these three points in time, with relativities expressed as a proportion of the couple rate of the Age Pension. The table then calculates the difference in current dollar terms with current levels of payment of FTB A.

Notes: \*Findings presented as a range drawn from different analytical scenarios including examining isolated impact of FTB.

Source for Table 3.12: Calculations based on: UNSW Social Policy Research Centre, *Updated Budget Standard Estimates for 2024, 2024*, Tables 17 and 19, and income support and FTB payment rates at 20 March 2024, *Services Australia, A Guide to Australian Government Payments: 20 March 2024 to 30 June 2024*.



**TABLE 3.13: HISTORICAL RELATIVITIES OF PER-CHILD FAMILY PAYMENTS**

RELATIVITIES TO COMBINED PARTNERED RATE OF AGE PENSION			\$ DIFFERENCE P F/N		\$ DIFFERENCE PA	
	Child <13	Child 13+	Child <13	Child 13+	Child <13	Child 13+
Current	0.14	0.182				
1989	0.15	0.20	\$ 15.50	\$ 21.30	\$ 403.30	\$ 556.00
2000	0.19	0.24	\$ 69.20	\$ 80.10	\$ 1,804.70	\$ 2,088.00
2009	0.17	0.22	\$ 43.30	\$ 56.10	\$ 1,127.70	\$ 1,463.90

This analysis shows that current relativities are below all three of the historical comparisons – at 0.14 for one child and 0.182 for two children, compared with up to 0.19 and 0.24 in the Year 2000 comparison case. This translates in per annum dollar differences up to \$1,804 for younger children under 13 and \$2,088 for children 13+.

**FOR SIMPLICITY THIS COMPARATIVE ANALYSIS HAS NOT CONSIDERED DIFFERENT FAMILY TYPES NOR THE VARIOUS SUPPLEMENTS, BONUSES AND OTHER ANCILLARY PAYMENTS THAT HAVE EXISTED OVER TIME.**

**3.3.6 INTERPRETATION**

The budget standards methodology produces a range of useful data in considering poverty shortfalls and the adequacy of family payments. These findings should not be taken as precise calculations of adequacy, and each methodology has its strengths and weaknesses as an analytical tool as discussed. The comparative analysis of historical payment relativities provides another frame.

The Committee has considered these findings as a group, set aside outliers, and has drawn the following inferences to guide its recommendations:

- For single and couple families relying on income support as their main source of income, current family payments are insufficient to prevent children growing up in poverty.

- The size of the poverty shortfall for families with one or two children cannot be precisely determined from available modelling but is likely to sit above \$5,000 per annum for many families.
- Current rates of FTB are between \$1,000 and \$2,000 below rates from the past 25 years relative to the couple rate of the Age Pension.
- For single parents relying on income support as their main income source, the interaction with the Child Support Scheme is highly consequential – single parents receiving reliable child support experience a lower poverty shortfall, whilst those failing the MAT experience a poverty shortfall at the upper end of the modelling estimates.
- For single and couple families working full time at the minimum wage or better, current payment levels appear modestly adequate.
- For couple families working limited part-time hours on low pay, it is marginal and having enough money to cover the basics is a week-to-week challenge.
- Single parent families working limited part-time hours on low pay are likely to experience shortfalls of several thousand dollars a year.

Source for Table 3.13: Calculations based on historical payment rates provides in Guides to Social Security Law (2 February 2026 version), including partnered pension rates provided at 5.2.2.10 *Maximum basic rates of pension - July 1909 to present date of the Social Security Guide*, and FTB rates at 3.6.1 FTB Part A – historical rates of the Family Assistance Guide.

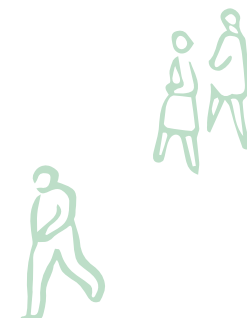


Table 3.14 summarises these inferences drawn from the Committee’s review of the various modelling approaches for families with one or two children (noting larger families or those with different compositions will experience different financial outlooks).

**TABLE 3.14: SUMMARY OF FINDINGS FROM MODELING OF THE ADEQUACY OF INCOME SUPPORT FOR FAMILIES WITH CHILDREN WITH VARYING SOURCES OF INCOME**

	RELYING ON INCOME SUPPORT	INCOME SUPPORT + LIMITED PART TIME HOURS ON LOW PAY	FULL TIME HOURS
Single parents, 1 or 2 children	Clear & large shortfall likely over \$5,000 pa	Clear shortfall up to \$5,000 pa	Better coverage of household costs
Couple families, 1 or 2 children	Clear & large shortfall likely over \$5,000 pa	Shortfall at lower income levels.	Better coverage of household costs

### 3.3.7 CONCLUSIONS

There is a strong case to increase family payments for single parents relying on income support or working limited part time hours. Improvements of sufficient magnitude to address the shortfalls summarised above would make a significant material difference.

### FURTHER WORK TO IMPROVE THE INTERACTION OF THE FAMILY PAYMENTS SYSTEM AND THE CHILD SUPPORT SYSTEM WILL HAVE AN IMPORTANT EFFECT ON LEVELS OF POVERTY AND ECONOMIC SECURITY FOR SINGLE PARENT FAMILIES.

For couple families there is also a case to increase family payments for households relying on income support as their main source of income, with mixed evidence on adequacy levels for couple families working limited part time hours.

Sizing the increase in family payments that may be appropriate to address the poverty shortfalls for couple families is less straightforward for several reasons:

- Improvements in adequacy of the income support payments for the secondary caregiver in a couple family would make a difference to the calculation of how family payments should be improved. That is, questions arise as to the relative contribution of their inadequate income support payments versus inadequate family payments to the poverty shortfalls experienced for these families.
- There are economies of scale and more opportunities to share caregiving in couple families (and thus enable employment), but these can be difficult to quantify.

In the absence of a resolution to these questions regarding couple families, the Committee considers improvements in family payments broadly consistent with those identified for single parents to be a reasonable approach.



### 3.4 IMPROVING FAMILY PAYMENTS

What policies might best narrow the poverty shortfalls raised above?

#### 3.4.1 ADDRESSING THE MOST URGENT CASES OF INADEQUACY

In a fiscally constrained environment, the Committee supports the targeting of income support to people most in need, and ensure these payments are sufficient to enjoy a safe, healthy life.

#### 3.4.2 POLICY OPTIONS

The Committee has considered measures that:

- Have sufficient scale to reduce poverty.
- Address households with a total income of \$66,722 and less (the threshold to receive the maximum rate of FTB A).
- Reduce poverty among households with young children and support their early development.
- Are affordable in the current fiscal environment.
- Are simple to introduce and administer and do not add to system complexity.
- Do not work against longer term future reforms.

The following options are therefore proposed. They complement the Committee's sustained recommendations to lift the rate of JobSeeker and related payments and CRA.

#### OPTION 1: RESTORING THE BASIC RATE OF PARENTING PAYMENT SINGLE TO THE LEVEL OF THE AGE PENSION AND LIFTING THE BASIC RATE OF PARENTING PAYMENT PARTNERED TO 90% OF THE AGE PENSION.

**Rationale:** Single and couple households relying on income support as their main source of income currently experience substantial poverty. Raising Parenting Payment for single parent households to the level of the Age Pension and PPP to 90% of the Age Pension would provide tightly targeted assistance to very low-income families. This was the case until 20 September 2009, when the Parenting Payment was linked to the rate of the Age Pension whose adjustments automatically flowed through.

**Effect:** Lifting PPS from its current basic rate (at 20 March 2026) to parity with the Age Pension would deliver up to a \$134.60 per fortnight (\$3,499.60 per year) increase in household income to an estimated 330,000 parents. Lifting the basic rate of PPP to 90% of the rate of the Age Pension would deliver a \$66.48 per fortnight (\$1,728.48 per year) increase to an estimated 58,000 couple households.

#### OPTION 2: RESTORING FTB A TO HISTORICAL RELATIVITIES TO THE AGE PENSION

**Rationale:** FTB A is a per child payment that has the effect of scaling assistance to match family size. It was designed to support parents with the cost of raising children. It is tightly targeted to lower income families where single parents dominate the income bands up to the \$66,722 maximum rate threshold, with a 20 cents in the dollar taper kicking in from that income level. Caregivers receive a lower rate of FTB A for younger children – \$227.36 per fortnight for children under 13 compared with \$295.82 per fortnight for children over 13. These rates represent a decline in real terms from historical rates of per child payments when considered relative to the couple rate of the Age Pension. Restoring the maximum rate of FTB A to historical levels would improve support to all FTB A recipient households but particularly benefit single and couple families working limited part time hours on low pay as well as those relying on income support as their main source of income.

The Committee proposes increases to restore rates to 2009 levels and restoring the link to the couple rate of the Age Pension. This represents a lift in relativity to the Age Pension from 0.14 (children under 13) and 0.187 (children 13+) to 0.171 and 0.222 respectively. This translates to increases for children under 13 of \$43.30 per fortnight (\$1,129 per year) and children over 13 of \$56.10 per fortnight (\$1,463 per year).



The Committee believes there may be a case to further adjust rates and scheme rules for family payments for very low-income households once more detailed analysis has been completed.

**Effect:** Restoring the rate of FTB A to 2009 relativities would deliver an increase of the maximum rate of FTB A that would flow to an estimated 1 million families and 1.8 million children.

### COMBINED EFFECTS OF OPTIONS I & 2

Implemented together, these two options would make a meaningful step towards significantly reducing child poverty. Table 3.15 summarises their combined effects.



**TABLE 3.15: COMBINED EFFECTS OF OPTIONS I & 2 ON ADEQUACY OF SUPPORT**

FAMILY TYPE	SUPPORT TYPE	PARENTING PAYMENT (BASE RATE)	TOTAL FTB	TOTAL
Single parent family - 1 child <13 years	Income support only	\$134.60	\$43.30	\$177.90
Single parent family - 1 child <13 years	Part time hours*	\$134.60	\$43.30	\$177.90
Single parent family - 1 child <13 years	Full time hours**	\$134.60	\$43.30	\$177.90
Single parent family - 2 children (1 under and 1 over 13)	Income support only	\$134.60	\$99.40	\$234
Single parent family - 2 children (1 under and 1 over 13)	Part time hours*	\$134.60	\$99.40	\$234
Single parent family - 2 children (1 under and 1 over 13)	Full time hours**	\$134.60	\$99.40	\$234
Couple family - 1 child <13 years	Income support only	\$66.48	\$43.30	\$109.78
Couple family - 1 child <13 years	Part time hours^^	\$66.48	\$30.04	\$96.52
Couple family - 1 child <13 years	Full time hours^^^	\$66.48	\$30.04	\$96.52
Couple family - children (1 under and 1 over 13)	Income support only	\$66.48	\$99.40	\$165.88
Couple family - children (1 under and 1 over 13)	Part time hours^^	\$66.48	\$86.14	\$152.62
Couple family - children (1 under and 1 over 13)	Full time hours^^^	\$66.48	\$86.14	\$152.62

\*Modelled on 15 hours per week at minimum wage

\*\*38 hours per week at minimum wage

^Principal carer receives Parenting Payment, secondary carer receives JobSeeker

^^Principal carer receives Parenting Payment, secondary carer works 15 hours per week at minimum wage

^^^Principal carer receives Parenting Payment, secondary carer works 38 hours at minimum wage

The following table shows the impact of the measures on improving gaps between income and Budget Standards for unemployed parents provided at Section 3.3.1.5 above. For example, the measures proposed would improve the ratio between income and budget standards for an unemployed single parent with two children receiving average child support by up to 8 percentage points (from 88% to 95%). The impact would be lower for a single parent failing the FTB A MAT as they are reduced to the base rate and do not benefit from the proposed increases to the maximum rate of FTB A.

### 3.4.3 INTERGENERATIONAL FAIRNESS

#### IN ADDITION TO REDUCING CHILD POVERTY, THE MEASURES PROPOSED HERE ALSO CONTRIBUTE TO INTERGENERATIONAL FAIRNESS.

Parents raising children in 2026 are also likely to be struggling with housing affordability and cost of living pressures, with many juggling work and long commutes to try to make ends meet. Improving the adequacy of family payments is one way that Australia's community can support this generation of parents and their children and make a small contribution in rebalancing the economic outlook for millennials, Gen Z and generations beyond.

**TABLE 3.16: HOW PROPOSED CHANGES WILL IMPROVE GAPS TO BUDGET STANDARDS**

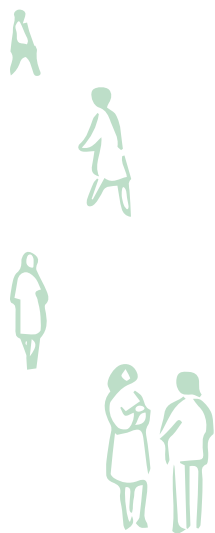
	Current Budget Standards Gap (weekly \$)		Weekly \$ increase		Improvements in Budget Standards Gap (ratio)	
	1 CHILD	2 CHILDREN	1 CHILD	2 CHILDREN	1 CHILD	2 CHILDREN
<b>Unemployed couple family</b>	-\$197	-\$251	\$55	\$83	5 percentage points (from 83 to 88%)	6 percentage points (from 81 to 87%)
<b>Unemployed single parent, exempted from FTB A MAT</b>	-\$147	-\$203	\$89	\$117	9 percentage points (from 85 to 94%)	10 percentage points (from 82 to 92%)
<b>Unemployed single parent receiving average child support</b>	-\$93	-\$106	\$89	\$117	9 percentage points (From 90 to 100%)	10 percentage points (from 91 to 101%)
<b>Unemployed single parent, failing the FTB A MAT</b>	-\$237	-\$365	\$67	\$67	7 percentage points (from 75 to 82%)	6 percentage points (from 68 to 74%)



### 3.5 IMPROVING THE INTERACTION BETWEEN FAMILY PAYMENTS AND THE CHILD SUPPORT SCHEME

#### 3.5.1 INTERACTION BETWEEN FAMILY PAYMENTS AND CHILD SUPPORT IMPACTS ADEQUACY, RELIABILITY OF INCOME, AND FINANCIAL STRESS

The Committee’s consultations with single parent families revealed how the problematic interaction between the family payments system – primarily FTB – and the Child Support Scheme contributed strongly to financial stress, poverty, and economic precarity among low-income families.



This has several dimensions:

- System rules in the Child Support Scheme contribute to significant variability and uncertainty in household income which makes it hard to budget and quite commonly leads to the accumulation of debts.
- The Child Support Scheme ties single parents to the financial circumstances of their ex-partners and for a significant proportion of single parents they bear the financial risk of non-payment and the responsibility to follow up. These interactions in turn affect the eligibility and quantum of family payments single parents receive from the Government. This most commonly relates to FTB.
- The scheme also forces ongoing interaction between the parties, which can be onerous, conflictual and sometimes dangerous. Sadly, weaponisation of child support by ex-partners is an ongoing reality for some scheme participants.

While these issues affect all single parents, those with low incomes are particularly affected. Many parents told the Committee that these issues are equally, if not more, important to them than the rates of family payments.

#### 3.5.2 WEAPONISATION

**“I REALLY QUESTION WHY MY FINANCIAL STABILITY NEEDS TO BE LINKED TO SOMEONE I’M NO LONGER IN A RELATIONSHIP WITH – ESPECIALLY IF THAT PERSON HAS PERPETRATED ABUSE AND VIOLENCE AGAINST ME AND MY CHILDREN.”**

**Elisa, Family Tax Benefit recipient**

The Committee’s 2023 and 2024 Reports highlighted the weaponisation of the Child Support Scheme and recommended the separation of the child support and family payment systems.<sup>30</sup>

The Government has since given attention to this issue. In the 2023-24 Budget, the Government committed to reviewing the interaction between the Child Support Scheme and FTB.<sup>31</sup> The issue was then taken up by the Rapid Review Expert Panel that recommended “that the Commonwealth conduct an audit of systems abuse, including in the child

<sup>30</sup> Economic Inclusion Advisory Committee, 2023 and 2024 Reports to Government.

<sup>31</sup> K Gallagher & J Chalmers, Women’s Budget Statement, Commonwealth of Australia, 2023.

**While these issues affect all single parents, those with low income are particularly affected.**

support context.”<sup>32</sup> Later in 2024, the Government announced an audit of how its child support, social security, and tax systems could be weaponised.<sup>33</sup>

The Commonwealth Ombudsman’s and Inspector General of Taxation and Taxation Ombudsman’s (IGTO) reports have made recommendations about closing loopholes that allow the tax, child support, and family payment systems to be weaponised by malicious ex-partners.<sup>34</sup> A summary of their recommendations is in Table 3.17.

The recommendations focus primarily on information sharing, staff training and service provisions, or recommend incremental changes to legislation to close existing loopholes that enable financial abuse to remain largely undetected and unresolved. There remains, however, a legislative gap that allows financial penalties to be borne by low-income families.

32 E Campbell, T Fernando, L Gassner, J Hill, Z Seidler, A Summers, *Report of the Rapid Review of Prevention Approaches: Unlocking the Prevention Potential Accelerating action to end domestic, Family and sexual violence*, 2024.

33 Office for Women, *Audit of Australian Government Systems*, 2024, <https://www.pmc.gov.au/office-women/womens-safety/audit-australian-government-systems>.

34 Commonwealth Ombudsman, *Weaponising Child Support: when the system fails families*, Australian Government, 2024, [www.ombudsman.gov.au/\\_data/assets/pdf\\_file/0022/318460/Weaponising-Child-Support-when-the-system-fails-families.pdf](http://www.ombudsman.gov.au/_data/assets/pdf_file/0022/318460/Weaponising-Child-Support-when-the-system-fails-families.pdf); The Australian Government Inspector-General of Taxation and Taxation Ombudsman, *Identification and management of financial abuse within the tax system*, Australian Government, 2025, <https://igt.gov.au/wp-content/uploads/2025/04/Report-int-o-the-identification-and-management-of-financial-abuse-within-the-tax-system.pdf>.

**TABLE 3.17: SUMMARY OF IGTO AND COMMONWEALTH OMBUDSMAN’S RECOMMENDATIONS TO CLOSE ‘WEAPONISATION LOOPHOLES’**

**INSPECTOR GENERAL OF TAXATION AND TAXATION OMBUDSMAN RECOMMENDATIONS**

1. The ATO will: develop financial abuse staff training for all frontline and public-facing staff, a specialist Client Support team with additional training, refreshed policies, and procedures and system indicators to identify and manage financial abuse within the tax system.
2. The ATO will: develop its procedures and guidelines on debt relief or removal in cases of financial abuse; improve its communications and guidance to raise awareness amongst taxpayers and professionals on financial abuse; consider options for obtaining supporting information when direct evidence is not available; adopt a Safety by Design framework.
3. The ATO will: review its powers that may be applied to redistribute liabilities to perpetrators; provide accessible channels for the reporting of suspected financial abuse; and consider its ability to share domestic and financial abuse information beyond the ATO.
4. The ATO will: publish more data on the outcomes of the Child Support Lodgement Enforcement Program; engage with Services Australia to increase the frequency of program referrals; assess the risk of income underreporting by individuals with child support obligations; consider its debt relief policies where the victim-survivor has multiple Commonwealth debts caused by the same financial abuse; consider sharing information across business lines where tip-offs potentially impact child support or other social security benefits.

**COMMONWEALTH OMBUDSMAN’S RECOMMENDATIONS**

1. Services Australia develops a publicly available strategy that outlines, with specificity, how it plans to address financial abuse through child support.
2. Services Australia more effectively enforce payment of child support.
3. Services Australia should record financial abuse, income estimate, priority cases, the success of enforcement powers data and Private Collect compliance in a way that is easily measurable at an organisation level.
4. Services Australia undertakes a comprehensive review of the Tax Lodgement Enforcement Program.
5. Services Australia ensures its staff better understand financial abuse through child support and what they should do about it.
6. Services Australia undertakes a comprehensive review into how it uses the change of assessment process as a response to financial abuse through child support.
7. The Government, with the assistance of DSS and Services Australia, introduce a Bill to amend the law to address the legal limitations regarding FTB debts, private collection arrears, garnishee enforcement powers, change of assessment information sharing, income reporting and family and domestic violence information sharing.
8. DSS and Services Australia provide the Ombudsman, within 12 months from the date of this report, a comprehensive progress update regarding how these recommendations have been or are being actioned.

Sources for Table 3.17: Commonwealth Ombudsman, *Weaponising Child Support: when the system fails families*, Australian Government, 2024, [www.ombudsman.gov.au/\\_data/assets/pdf\\_file/0022/318460/Weaponising-Child-Support-when-the-system-fails-families.pdf](http://www.ombudsman.gov.au/_data/assets/pdf_file/0022/318460/Weaponising-Child-Support-when-the-system-fails-families.pdf); The Australian Government Inspector-General of Taxation and Taxation Ombudsman, *Identification and management of financial abuse within the tax system*, Australian Government, 2025, <https://igt.gov.au/wp-content/uploads/2025/04/Report-int-o-the-identification-and-management-of-financial-abuse-within-the-tax-system.pdf>.

Loopholes enable abusive parents to evade their financial responsibilities to their children, placing it disproportionately onto already economically disadvantaged single parents and the Commonwealth.

These recommendations also leave the overarching MIT design and interactions of the taxation, child support and family payment systems intact. In addition, the recommendations preserve the MAT exemption provision as the sole remedy available to sever these policy interdependencies in cases of family violence or financial abuse.

The recent Working with Women Alliance report to the Minister for Women suggested further solutions to prioritise the important principles of economic security, system accessibility, and safety.<sup>35</sup> These include:

1. The Government should uphold existing and enact new child support rules and policies that compel tax returns from both parents, ensure payments are made, and provide exemptions where appropriate.
2. The Government should pursue incremental policy change to ensure Agency Collect is the default collection arrangement and to delink child support from family assistance payments.
3. Blue sky thinking is needed to ensure that the child support system is still fit for purpose. Ideas could include: giving the Government a greater role in the collection and transfer of children's

<sup>35</sup> K Berney, *Policy Brief: Ending the weaponisation of the child support system*, Working with Women Alliance, 2025.

entitlements, and the guaranteeing of payments where shortfalls exist.

## **BUILDING ON THIS WORK, THE COMMITTEE THIS YEAR FOCUSES ON HOW THE GOVERNMENT COULD IMPROVE THE OPERATION OF THE CHILD SUPPORT SYSTEM AND ENSURE THAT NON-RESIDENT PARENTS TAKE UP THEIR RESPONSIBILITY TO FINANCIALLY SUPPORT THEIR CHILDREN.**

### **3.5.3 BACKGROUND STATISTICS**

As of December 2025, there were 618,555 active child support cases, covering 1.1 million parents and their 943,930 children. Of these parents, the majority (66%) of payees have care of their child support child for more than 86% of nights (313 nights per year), while the same proportion of payers have care of their children for less than 14% of nights (52 nights a year).<sup>36</sup>

The median adjusted taxable income of child support payers was \$60,985 and for payees was \$41,304.<sup>37</sup>

<sup>36</sup> Source: Services Australia administrative data (Department of Social Services) as known at 31 December 2025.

<sup>37</sup> Ibid.

While liabilities are generally calculated using the child support formula, 49% of the caseload transfer these liabilities privately, while 51% of parents use Services Australia to collect and transfer payments.<sup>38</sup>

Private payers of child support had higher adjusted taxable incomes (\$68,407) compared to payers using Agency Collect (\$59,682). The opposite was true for private payees (\$40,388) compared to those in Agency Collect (\$42,225). As a result, families using Private Collect had higher median annual child support assessments than those using Agency Collect, at \$5,385 and \$4,248, respectively.<sup>39</sup>

As of December 2025, there was \$1.95 billion of unpaid child support debt, with the average debt of paying parents being \$8,830.<sup>40</sup> However, these figures exclude the 48.9% of the caseload who transfer payments privately, and also exclude the amount of child support income that children miss out on due to income minimisation and tax-return nonlodgement. These figures also exclude the child support and FTB income that children forego if their parent does not pursue child support. There exists a significant opportunity to address these system shortcomings to improve child support payment outcomes for children.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

**As of December 2025, there were 618,555 active child support cases.**

Covering 1.1 million parents and their 943,930 children.



### 3.5.4 ENSURING CHILDREN ARE ELIGIBLE FOR THEIR FULL FTB A ENTITLEMENTS

Beginning with income foregone as a result of a lack of child support action, Services Australia's program data reveals that, as of December 2025, 19% of eligible children received only the base rate of FTB A payments as a result of their claiming parent failing to seek child support.<sup>41</sup>

The 163,110 FTB A recipients listed as failing the MAT as of December 2025, were supporting 227,725 resident children.<sup>42</sup> The Committee is particularly concerned about the income adequacy of this cohort.

As Table 3.18 shows 94% of MAT Fail recipients were single and 63% were in receipt of an income support payment. Of those receiving an income support payment, 79% were receiving PPS.

Concerningly, Indigenous recipients (14%) and Indigenous children (14%) were disproportionately likely to fail the MAT compared to the proportion of the Australian population who identify as Indigenous.<sup>43</sup>

41 Source: Services Australia administrative data (Department of Social Services EDW Family Tax Benefit Instalment) as known at 26 December 2025.

42 Ibid.

43 Sources: Australian Bureau of Statistics, Estimates of Aboriginal and Torres Strait Islander Australians, 2021, <https://www.abs.gov.au/statistics/people/aboriginal-and-torres-strait-islander-peoples/estimates-aboriginal-and-torres-strait-islander-australians/30-june-2021>.

Australian Institute of Health and Welfare, Australian Children and their families, 2022, <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/background/australian-children-and-their-families>.

TABLE 3.18: PROFILE OF MAT FAIL RECIPIENTS ON FTB A

	FTB A MAT FAIL RECIPIENTS (UNIQUE COUNT) (%)	CHILDREN SUPPORTED BY RECIPIENTS WHO FAIL THE MAT (%)
<b>RELATIONSHIP STATUS</b>		
Partnered	6.21	5.37
Single	93.79	94.63
<b>INDIGENOUS STATUS<sup>26</sup></b>		
Indigenous	14.22	13.92
Non-Indigenous	85.78	86.08
<b>INCOME SUPPORT PAYMENT STATUS</b>		
Receiving income support payment	62.74	62.87
Not receiving ISP	37.26	37.13
<b>Income distribution</b>		
Low Income Free Area <sup>27</sup> or below	68.27	68.30
Above LIFA	31.73	31.70
<b>REMOTENESS</b>		
Major Cities	64.33	64.75
Inner Regional	21.16	20.82
Outer Regional	11.06	10.98
Remote	1.85	1.87
Very Remote	1.58	1.56
Unknown	0.02	0.02

The median adjusted taxable incomes of families who failed the MAT was \$42,862,<sup>44</sup> which is an income low enough to qualify these families for the maximum rate of FTB A.<sup>45</sup>

44 Ibid.

45 The maximum rate of FTB A may be payable to families with combined income below the FTB A lower income free are (\$66,722 in the 2025-26 year).

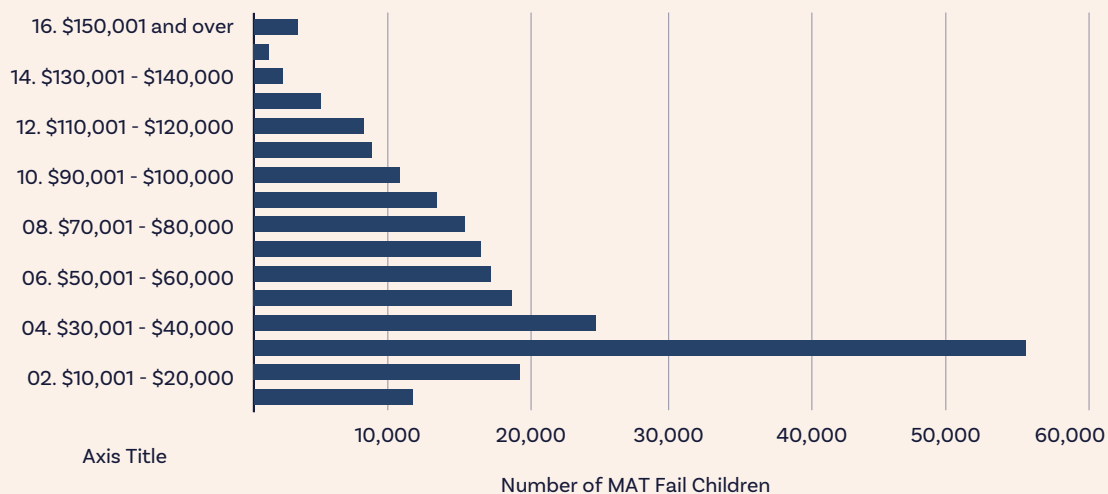
Source for Table 3.18: Data supplied by DSS as known at 26 December 2025.

## 163,110 FTB A RECIPIENTS

are listed as failing the MAT as of December 2025.

**The Committee is particularly concerned about the income adequacy of this cohort.**

**FIGURE 3.II: NUMBER OF MAT FAIL CHILDREN BY FAMILY ADJUSTED TAXABLE INCOME (ATI) RANGE**



Other than payment characteristics, income and limited demographic features, very little is known about why parents – and seemingly some of Australia’s most vulnerable parents – fail the MAT.

**IT IS POSSIBLE THAT VULNERABLE PARENTS ARE FAILING THE MAT AS A WAY TO PROTECT THEMSELVES FROM FUTURE VIOLENCE AND HARM.**

A study of single mothers’ experiences with the MAT found that of 80% of surveyed separated mothers who were experiencing violence at the time of separation, only 10% applied for an exemption. The majority (55%) of women who did not apply for an exemption did not know the consequences of them failing the MAT.<sup>46</sup>

Multiple evidence sources are now pointing to the inappropriateness of financial penalties imposed on some of Australia’s most vulnerable children as a result of the inaccessible, unsafe or incomprehensible MAT.

46 K Cook, A Byrt, R Edwards and A Coen, *Opening the black box of child support: Shining a light on how financial abuse is perpetrated*, Swinburne University of Technology, 2024, p63, <https://doi.org/10.25916/sut.26983363>.

These children received neither child support nor FTB A above the base rate, necessary to keep them out of poverty.<sup>47</sup>

The Committee recommends that the Government ensures that parents do not fail the MAT in instances where access, safety, or comprehension prevent access to child support, rather than refusal. While the financial support of children remains primarily parents’ responsibility, the onus is on the Government to improve system accessibility.

At present, the child support and family payment systems contain financial incentives for perpetrators of family violence, as they are exempt from having to make child support payments. The failure to hold perpetrators to account goes against the spirit of the National Plan to End Violence Against Women and Children.<sup>48</sup>

The Committee therefore recommends that the Government takes far greater responsibility for establishing child support assessments for family violence victim survivors who are subject to the MAT. To protect family violence victim survivors, the Government should establish, determine, and collect payments for all children, without requiring victim survivors to initiate, progress, and pursue payments.

47 C Skinner, D Meyer, K Cook & M Fletcher, *Child maintenance and social security interactions: the poverty reduction effects in model lone parent families across four countries*, *Journal of Social Policy*, 2017, 46(3): 495-516.

48 C Skinner, D Meyer, K Cook & M Fletcher, *Child maintenance and social security interactions: the poverty reduction effects in model lone parent families across four countries*, *Journal of Social Policy*, 2017, 46(3): 495-516.

Source for Figure 3.11: Data supplied by DSS as known at 26 December 2025



### 3.5.5 ENSURING CHILDREN RECEIVE THEIR FULL CHILD SUPPORT ENTITLEMENTS

**“SAY MY EX DECLINES TO PROPERLY DECLARE HIS INCOME AND HE LATER DOES HIS TAXES OR WHATEVER. ALL OF A SUDDEN, HE OWES ME CHILD SUPPORT WHICH HE MAY NOT PAY AND THEN I OWE FAMILY TAX BENEFIT A DEBT, BUT FOR ME IT SHOULD BE THAT HE OWES THE DEBT, BECAUSE HE’S THE ONE WHO MADE THE MISTAKE. THERE SHOULD BE BIG PENALTIES FOR THAT AND THE PERSON PAYING THE DEBT SHOULD BE THE PERSON WHO CREATED IT.”**

**Sarah, Disability Support Pension and Family Tax Benefit recipient**

While FTB A claimants must seek child support, this compulsion applies solely to resident parents seeking FTB A. No requirements compel non-resident parents to establish or pay child support liabilities and when relationships are violent or hostile, recipient parents have very few means of ensuring that their ex-partner pays in full and on time. The Committee suggests the Government play a greater role in ensuring parents fulfill their financial responsibilities to their children.

Research has shown that women sometimes do not seek child support or an exemption because of fear and many of those who enter Private Collect arrangements avoid collecting their payments to keep safe.<sup>49</sup> Private Collect is clearly susceptible to weaponisation and the bodies responsible through legislation for the policy – DSS and Services Australia – cannot continue to close their eyes to this ongoing failure.

Rather than using Exemptions or Private Collect as workarounds in cases of family violence, legislation should require perpetrators to support their children living elsewhere. Victim survivors should not be the ones to initiate such proceedings. Establishing, determining, and collecting child support from all non-resident parents, regardless of any history or threat of violence, should instead be the responsibility of Government.

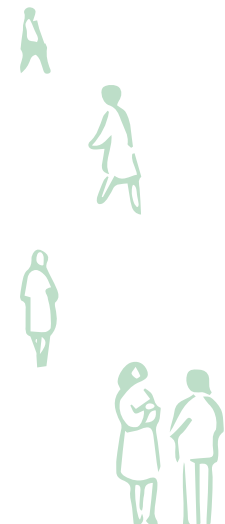
<sup>49</sup> *ibid.*

### 3.5.6 ENSURING CHILDREN RECEIVE THEIR FULL FTB A ENTITLEMENTS

**“I DO NOT HAVE A STEADY JOB. I HAVE THREE JOBS. TWO OF THEM ARE CASUAL. ONE OF THEM I’M A CONSULTANT. I HAVE TO TRY AND FIGURE IT OUT, WHAT COULD POSSIBLY BE MY INCOME? I HAVE ZERO IDEA. AND SO, YOU OVERESTIMATE TO AVOID GETTING IN DEBT AND THEN YOU BASICALLY STRUGGLE ALL YEAR TO PUT FOOD ON THE TABLE AND PAY YOUR BILLS. OR YOU LOW-BALL IT AND THEN YOU HAVE A MASSIVE DEBT WHICH CAUSES HUGE STRESS AT THE END OF THE FINANCIAL YEAR.”**

**Elisa, Family Tax Benefit recipient**

For the 66% of children eligible for FTB A whose resident parent passes the MAT, every dollar of child support above the Maintenance Income Free Area (MIFA - \$2,003 per year for a single parent with one child, increasing by \$668 for each additional child) reduces their FTB A entitlement by 50 cents. This is the MIT.



In 2022 23, 295,560 FTB A recipients were subject to the MIT. The average annual FTB A reduction as a result of the MIT was \$2,800. For the Government, the total reduction in FTB A because of the MIT was \$828 million in the 2022 23 financial year.<sup>50</sup>

Child support reduces FTB A on the principle that the child's parent living elsewhere should contribute to the costs of their children. Parental contributions in the form of child support are received in full by the resident parent, but the Government's contribution in the form of FTB A is then reduced. The determination of child support contributions, though, is problematic, especially for those who collect child support privately (around half of all cases) – something recognised by policymakers for more than a decade.<sup>51</sup>

**INDEPENDENT RESEARCH AND GOVERNMENT OVERSIGHT INQUIRIES HAVE CONFIRMED THAT THESE PROCESSES ARE SUBJECT TO MANIPULATION, WEAPONISATION, AND THE FINANCIAL PUNISHMENT OF ALREADY FINANCIALLY VULNERABLE SINGLE PARENTS.**

50 Services Australia administrative data (Department of Social Services EDW Family Tax Benefit Reconciliation) as known at 26 December 2025.

51 House of Representatives Standing Committee on Social Policy and Legal Affairs, *From Conflict to Cooperation: Inquiry into the Child Support Program*, Commonwealth of Australia, 2015.

The Inspector General of Taxation reports that, “late or inaccurate tax returns prevent Services Australia from correctly assessing child support and other benefits. This may leave victim-survivors with under or unpaid child support or Family Tax Benefit overpayments.”<sup>52</sup> Similarly, the Commonwealth Ombudsman noted problems with the non-lodgement of tax returns, singling out income estimates and provisional incomes as available tools in the perpetration of financial abuse.<sup>53</sup>

DSS figures show that, as of December 2025, almost 40% of child support liabilities were not based on a tax assessment but calculated using provisional or estimated incomes.

A provisional income is used when no income tax assessment is available. Provisional incomes are determined by the Registrar and may reference previous tax returns, indexed for inflation. Where no tax data are available, a default income of two thirds of the MTAW is used as the parent's child support income.

52 Inspector General of Taxation and Taxation Ombudsman (IGTO), 2025, Review into the identification and management of financial abuse within the tax system, <https://www.igt.gov.au/wp-content/uploads/2025/04/Report-into-the-identification-and-management-of-financial-abuse-within-the-tax-system.pdf>.

53 Ibid.

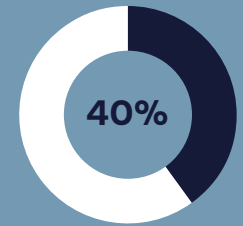
According to the Child Support Guide:

**“if the default income is higher than their actual income, the parent may choose to lodge their tax return so their assessment can be amended to reflect their actual income for the year. The new assessment can only take effect with retrospective effect in a limited range of situations.”<sup>54</sup>**

The Inspector General of Taxation and Taxation Ombudsman report referenced an advocacy organisation's description of publicly available data which noted that “in 2021 at least 200,000 people, primarily men, who owed child support, failed to submit a tax return for more than two years, and over 16,000 had not filed a tax return for more than 10 years”.<sup>55</sup> Ex-partner's tax returns are often lodged late – sometimes many years late.

54 Australian Government, *Child Support Guide*, 2026, <https://guides.dss.gov.au/child-support-guide/3/3/2>.

55 Ibid



**As of December 2025, almost 40% of child support liabilities were not based on a tax assessment.**

Rather, liabilities were calculated using provisional or estimated incomes.

Income estimates, by contrast, can be made when a parent's income has reduced by 15% or more from the income used in their assessment. Estimates can be made online, by phone, or in writing, and no evidence is required to substantiate the estimated income, although Services Australia staff are able to request this. If income estimates are found to underestimate a payer's actual income, they can face a penalty, owed to the State, not to the children.

As the Commonwealth Ombudsman notes:

**“Although income estimates are only used for around 5% of paying parents, this still amounts to 29,240 people.”<sup>56</sup>**

While the Inspector General of Taxation, the Taxation Ombudsman, and the Commonwealth Ombudsman all make recommendations that address the non-lodgement of tax returns for child support purposes, the small financial value of returns, and the large number of cases involved means that the ATO's limited tax compliance resources are often diverted elsewhere. To ensure the more accurate calculation of child support liabilities, the Committee recommends that the Government provide additional resources to the ATO to support the Lodgement Enforcement Program to prioritise child support cases.

<sup>56</sup> Ibid

### 3.5.7 FTB A DEBTS AS A RESULT OF CHILD SUPPORT WEAPONISATION

When child support is not based on a tax return, the amount payable can be retrospectively amended once tax data are finalised. A legislative change in 2012 means that for privately collecting child support recipients, FTB A is also retrospectively recalculated as a result of the MIT, reducing the value of FTB A entitlements by 50 cents for every dollar of child support above the MIFA that was retrospectively owed.

According to the Commonwealth Ombudsman's 2025 report:

**“The legislation does not prevent a receiving parent from accruing an FTB A debt in circumstances where that debt only arises because they are assumed to have received child support which has not, in fact, been paid because of financial abuse. Additionally, there is no specific legal mechanism to waive these debts in these circumstances.” Further, the Ombudsman notes that, to overcome this specific circumstance, “Services Australia sometimes uses the MAT exemption to help reduce FTB A debts caused by financial abuse. This will often place the receiving parent in an unfair situation.”<sup>57</sup>**

<sup>57</sup> Australian Government, *Child Support Guide*, 2026, <https://guides.dss.gov.au/child-support-guide/3/3/2>.

## IT IS UNTENABLE THAT SERVICES AUSTRALIA USE THE MAT EXEMPTION AS A WORKAROUND FOR ERRONEOUSLY PRODUCED FTB A DEBTS.

Instead, Services Australia should take greater responsibility for ensuring the accuracy of FTB A payments. FTB A debts are most likely for parents collecting child support privately, as these payments are regarded as 100% compliant, even when retrospective changes are made to child support entitlements. Increasing the proportion of the child support caseload that transfer payments using Agency Collect would increase oversight of payment compliance and increase the accuracy of FTB A payments.

Further, while the Government noted the Commonwealth Ombudsman's recommendation to introduce legislation to close the FTB debt loophole (recommendation 7), the Ombudsman's solution leaves the underlying policy conditions intact. The ability to retrospectively recalculate child support and thus family payments provides an avenue for harm that may be exploited by family violence perpetrators.



The Ombudsman's recommendation 7 would remove the assumption that private child support collections are 100% compliant for the purpose of calculating FTB A entitlements using the MIT. The same recommendation also allows FTB A debts to be waived in instances of child support underpayment.

What the Ombudsman's report does not address, however, is the retrospective recalculation of child support liabilities which then feed into FTB A entitlements via the MIT.

As a result, significant FTB A debts can still be levied against recipient parents if their ex-partner's tax returns aren't lodged for years on end.

While the Ombudsman's recommendation to no longer regard private child support payments as 100% compliant will prevent some FTB A debts, a more comprehensive and preventative measure would be to decouple child support from family payments through the removal of the MIT, as the Committee has previously recommended.

### **AS AN INTERMEDIARY STEP TOWARDS DECOUPLING FAMILY PAYMENTS FROM CHILD SUPPORT, IN THIS YEAR'S REPORT THE COMMITTEE RECOMMENDS THAT THE RETROSPECTIVE APPLICATION OF THE MIT BE CEASED.**

There is an annual reconciliation of recipients' FTB A payments and entitlements which retrospectively recalculates FTB A entitlements on the basis of backdated child support entitlements. By limiting the MIT to the current, annual family payment reconciliation year, the Government would be required to play a greater role in ensuring accurate child support assessments, collections, and resultant family payment entitlements.

The financial consequences of non-resident parents avoiding their responsibilities to children, through tax return non-lodgement, income minimisation, and child support underpayments, would move from low-income single parents to the Government. Government would be required to provide higher FTB A payments to support these vulnerable children, giving it a powerful incentive to compel non-resident parents to make timely tax lodgements, report accurate child support assessments, and meet payment compliance.

### **3.5.8 SUMMARY AND RECOMMENDATIONS**

In this section the Committee has presented evidence that several aspects of the Child Support Scheme and its interactions with the family payments system are deeply problematic for many single parents:

- Household incomes can be volatile and are determined by circumstances out of the control of the single parent payee.
- The system places excessive financial risk on the single parent payee and can be easily weaponised.
- The system contains perverse incentives for single parents to not seek child support, thereby potentially losing out on family payments.
- When child support is sought from financially abusive ex-partners, victim-survivors' family payments may be retrospectively recouped by Government.



### 3.6 LONGER TERM REFORM OF FAMILY PAYMENTS

#### REFORMING FAMILY PAYMENTS CAN MAKE AN IMPORTANT CONTRIBUTION TO REDUCING CHILD POVERTY AND UNDERWRITING THE ECONOMIC SECURITY AND SAFETY FOR WOMEN. FOR THIS REASON, THE COMMITTEE INTENDS TO MAKE IT A LONG-TERM PRIORITY.

This year’s Committee recommendations have addressed the most urgent cases of system inadequacy while exploring deeper and more problematic interactions between family payments and child support.

The FTB regime, established in 2000, has changed significantly over the last quarter of a century and is in need of further reform. Greater policy ambition is now required.

One such area is incentives for workforce participation across the family payments system. This year the Committee has only briefly examined EMTRs for families receiving family payments, but the combined effects of eligibility thresholds, taper rates, and tax rates may create disincentives to return to paid work.

While the family payments system has a pivotal role to play in reducing child poverty and improving economic security for women, these objectives are not explicitly stated design principles. The main objective of the system<sup>58</sup> – “Assist eligible families with the cost of raising children while ensuring that parents remain primarily responsible for supporting their children” – could be complemented with “poverty alleviation” and “economic security for women” as the family payments system has the potential to significantly impact these outcomes.

The Committee proposes the Government embrace the need for ongoing improvement of the family payments system and that this reform agenda be guided by a balanced set of principles that include:

- Reducing child poverty.
- Improving economic security for women.
- Helping with the cost of raising children.
- Reducing barriers to work.
- Making the schemes simpler and easier to use.

<sup>58</sup> Department of Social Services, Program 1.1: Support for Families, Annual Report 2024-25, Canberra, 2025, <https://www.transparency.gov.au/publications/services-australia/department-of-social-services/department-of-social-services-annual-report-2024-25/part-2--annual-performance-statements/outcome-1--social-security>.



# EMPLOYMENT SERVICES REFORM



# 4

**Olivia is a 23 year old living in Melbourne and has been receiving JobSeeker Payment for around six months. After the business she had been working for collapsed, she initially supported herself while looking for a new job, but after a long time had passed and she had not found work, she felt she needed to investigate whether she could access a payment.**

**“At first I was like, oh, I’ll be able to find my footing, I’ve done it before, but then because it was taking longer, it was a sense of panic, because I have been independent for so long.”**

Olivia lives with her parents, but she did not want to rely on them for support as they were already struggling financially. She found the information about payments unclear, especially the rules around parental income, but when someone in her network mentioned that she could access payments independently after turning 22, she decided to go ahead and apply.

The application and approval processes were long and stressful, and Olivia worried about whether she would be eligible, but eventually she began to receive a JobSeeker Payment.

Olivia says that her early experience receiving the payment was difficult and confusing because she wasn’t given clear information about what she needed to do to maintain her payments and understand mutual obligations. Olivia is young and tech savvy, however, she said she was provided with a lot of information that did not draw attention to the most important points, or provide clear descriptions of what she was required to do. For a person with ADHD and dyslexia, this meant that she struggled to meet the requirements.

**“It doesn’t let you know exactly the logistics of it at the very start. I was quite confused when I didn’t receive the payment. I didn’t know what I was supposed to do. Then I had to call them and they said, ‘Oh, ok, you have to do the mandatory reporting.’”**

Olivia is confident and capable in her ability to job search. Since receiving her payment, Olivia has had access to Workforce Australia Online Services but has not found this helpful. The jobs in the portal are repetitive and irrelevant to her and the training is very basic, so she feels like completing tasks is pointless. She describes the system as ‘lacking in effort’ and was not made aware that there were services available from employment services providers.

**“I’m so used to independently looking for work. I’ve never been in a position where I had to seek that assistance. So I didn’t even know half the time where to go to seek extra support.”**

Mutual obligations make Olivia feel like she is being forced to beg for her payment, and she finds this demoralising and stressful, especially since she feels she is only just getting by despite living with her parents.

“Seeing the demerit system itself, I thought it felt like to earn my living I had to make someone happy or its punishment based, like that ‘you didn’t do this, so you’re not gonna get this’. And I can understand in a way why the system is like that, because it’s like obviously they want people to get work and stuff, but I don’t think that’s really going to motivate someone to go do work, especially if the way you want them to apply for jobs or do jobs is not really helpful.”

Despite being highly motivated to work when she first lost her job and started receiving payments, Olivia has found it really hard to maintain this motivation.

**SHE FEELS THE GOVERNMENT IS PUTTING IN LITTLE EFFORT TO SUPPORT HER TO ACHIEVE HER GOALS YET EXPECTS HER TO DO MANY POINTLESS THINGS SO SHE CAN RECEIVE HER PAYMENT.**

“When I first lost my job, I was very much like, ‘Okay, I need to really get out there, make money and I need to get my job and everything.’ But when you’re getting your payments but also not getting anywhere, like, I’m not, you know, growing as a person or nothing’s there to support me to grow or, you know, talk about it or see that I’m doing things to actually improve my skills. Then it feels like I’m still the same person I was six months ago. Nothing’s changed and I have no work, but you know what, I’m making a little bit of money. So you start feeling that you should be satisfied with what you’re getting and then people stop looking. It’s like, and that’s what I realised, ‘cause it’s like you start giving up.”

Olivia has lots of ideas about how the system could be improved. She wants support that meets her needs and feels the Government could do more to connect people with organisations that could tailor job search support to a person’s capabilities rather than a one size fits all system.

“For me, it would be like, hey, like, how come you’re stuck? What’s not happening? Something that helps me or resources that help me to be like, ‘okay, what can I do next to expand my horizons?’ or information to be like, okay, this is what you’ve done in the past, this is where a job market’s pretty good, so apply for this area.”

Olivia also thinks that Government should be providing local job expos for people to meet and connect with employers face-to-face rather than being forced to send applications into the void. She said this would help her feel as if she were getting somewhere.

“It’s like, when we’re asking for stuff, I don’t think we’re asking for big things. I think it’s just we’re asking for the little things that actually cater to us, that help us in that stepping stone of actually being able to get the job, because I think most people would want to make a decent living. No one wants to be in the position that they’re in.”

Olivia’s story is real, but her name and some identifying details may have been changed to protect her privacy. The Committee thanks her for sharing her story and insights.

## RECOMMENDATIONS

### RECOMMENDATION 10

#### Employment services system reforms:

The Government should implement a major reform of Australia's employment services system, including by:

- Making public a roadmap and timeframe for reform and establishing Employment Services Australia.
- Reallocating resources within the existing system to support the most disadvantaged jobseekers.
- Agreeing a new funding and commissioning model.
- Trial relational contracting with providers and collaborative commissioning across departments and with other levels of government.
- Engaging key stakeholders in planning and implementing phasing, including participants with lived experience of employment services.

### RECOMMENDATION 11

#### Replacing the Targeted Compliance Framework:

- Immediately stop all Centrelink payment penalties, including suspensions, reductions and cancellations related to compulsory activities.
- End the Targeted Compliance Framework and move to a new employment services system which upholds the right to social security and provides natural justice for people using the service. As recommended by the Select Committee on Workforce Australia Employment Services, this should include trialing incentives to enhance positive engagement with employment services.
- Implement the Digital Protections Framework to protect people's basic human rights and ensure the system complies with administrative law principles.

### RECOMMENDATION 12

#### Improving the Disability Support Pension:

- Remove the 30 hour per week work limit.
- Extend the DSP work-related suspension period from two years to ten years. Extend access to the Pensioner Concession Card to the same period.
- As part of a wider review of taper rates across the income support system, consider reduction of taper rates as a longer-term priority.



**“I JUST THINK THE SYSTEM IN GENERAL [IS] JUST TOO COMPLEX AND NOT PEOPLE-CENTRED ENOUGH.”**

Ujjeshaa, JobSeeker Payment recipient

**“I’VE BEEN WITH SO MANY JOB PROVIDERS ... ONE OF THEM WAS REALLY GOOD AND THE REST WERE PRETTY BAD. IT FELT LIKE THEY DIDN’T CARE ABOUT ME. THEY CARED ABOUT THE SYSTEM.”**

Alex, JobSeeker Payment recipient and Workforce Australia client



## 4.1 INTRODUCTION

**Effective employment services can be a powerful policy lever for creating a more inclusive society. As the Committee has been advocating since 2023, Australia’s employment services have been badly underperforming for some time and major reform is needed. Delayed for far too long, employment services reform must now become a national priority. The system needs to be made fit for the future and must be regarded as a necessary component of national economic reform.**

This view is widely shared across the policy making community and has featured in all recent investigations into Australia’s employment services, including the 2022 National Jobs and Skills Summit, the September 2023 White Paper on Jobs and Opportunities,<sup>1</sup> and the November 2023 report of the House of Representatives Select Committee on Workforce Australia Employment Services.<sup>2</sup> The Commonwealth Ombudsman also produced two reports in 2025 outlining maladministration in the TCF and widespread errors in provider decision making. Although it remains in place, it is clear Workforce Australia has few defenders across Government, business, and the community and it is time it was replaced.

The benefits to the nation of comprehensive reform of Australia’s employment services are clear. It would assist and accelerate the attainment of the Government’s full employment and productivity goals while improving the employment opportunities and quality of life of Australians currently excluded from the workforce who are unable to share in the nation’s increased prosperity.

<sup>1</sup> Working Future, The Australian Government’s White Paper on Jobs and Opportunities, September 2023, <https://treasury.gov.au/employment-whitepaper/final-report>.

<sup>2</sup> Rebuilding Employment Services, Final report on Workforce Australia Employment Services, House of Representatives Select Committee on Workforce Australia Employment Services, [https://www.aph.gov.au/Parliamentary\\_Business/Committees/House/Former\\_Committees/Workforce\\_Australia\\_Employment\\_Services/WorkforceAustralia/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/House/Former_Committees/Workforce_Australia_Employment_Services/WorkforceAustralia/Report).



Testimony to the Committee from those with lived experience of Australia's existing employment services detailed how they are failing to provide the support needed to overcome multiple barriers to work, are insufficiently tailored to individual and community needs, constantly threaten payment suspensions that make life harder, offer poor engagement with providers, and repeatedly fail to connect people adequately with potential employers.

This analysis was reinforced by representatives from Aboriginal and Torres Strait Islander community-controlled organisations who attended a special roundtable held by the Committee.

**PARTICIPANTS EXPRESSED STRONG SUPPORT FOR A BETTER SYSTEM ABLE TO PROVIDE IMPROVED EDUCATION, TRAINING AND EMPLOYMENT OPPORTUNITIES.**

Participants wanted services that empower people, support flexible employment participation, and offer meaningful career pathways, including within the community-controlled sector. There was firm agreement that mainstream employment services are not working for Aboriginal and Torres Strait Islander people and concern that new initiatives like the Remote Jobs Program are not sufficiently focused on economic development.

This year the Committee also heard from people with disability who drew attention to the way in which people with disability and partial capacity to work are being structurally excluded from work opportunities by badly conceived rules, such as those relating to work limits for recipients of the DSP. Immediate changes to these rules are recommended to increase workforce participation for those able and wanting to work more hours. This issue was raised in hearings with and submissions from Inclusion Australia, Down Syndrome Australia, and the Disability Advocacy Network Australia. While reform of the employment service system requires phased system change over several horizons, the Committee believes the complexity of the DSP can be addressed more simply and directly through targeted rule changes outlined below.

## 4.2 CONTEXT: THE IMPERATIVE FOR REFORM

The imperative for reform to employment services reform has risen since the National Jobs and Skills Summit of 2022. Worsening employment figures tell the story:

- The seasonally adjusted unemployment rate has risen from 3.6% (September 2022) to 4.3% (February 2026).
- The participation rate has increased from 66.5% to 66.9% - but is down from its historic high of 67.1% in September 2024.
- Youth unemployment has increased from 8.5% to 10% - more than double the national unemployment level.
- The underemployment and underutilisation rates remain worryingly high at 5.7% and 9.8% respectively.
- Maybe worst of all, there has been an upward trend in the number of people who are long term and very long term unemployed - up by 48% (an increase of 22,457 people) for those unemployed for 1-2 years, and up by 4.4% (an increase of 2,942 people) for those unemployed by more than 2 years.

### Worsening employment figures tell the story:

The seasonally adjusted unemployment rate has

**RISEN FROM 3.6% TO 4.3%**

Youth unemployment has

**INCREASED FROM 8.5% TO 10%**

The underemployment and underutilisation rates remain

**WORRYINGLY HIGH AT 5.7% AND 9.8%**



In February 2025:



**818,900**  
**PART-TIME**  
**WORKERS**

preferred to work **more hours** with almost half preferring to work **full time (46%)**<sup>3</sup>

Of the **14.7 million** employed people in May 2025,

**1.3 MILLION**

preferred (and were available) to **work more hours**<sup>3</sup>



**1.7 MILLION**

people were not working but **wanted to work**<sup>4</sup>

<sup>3</sup> Australian Bureau of Statistics, Underemployed workers, 2025, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/underemployed-workers/latest-release>

<sup>4</sup> Australian Bureau of Statistics, *Participation, Job Search and Mobility, Australia*, 2025, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/participation-job-search-and-mobility-australia/feb-2025>

**Job vacancies** in essential sectors, November 2025:



**59,600**

in Health Care and Social Assistance



**38,200**

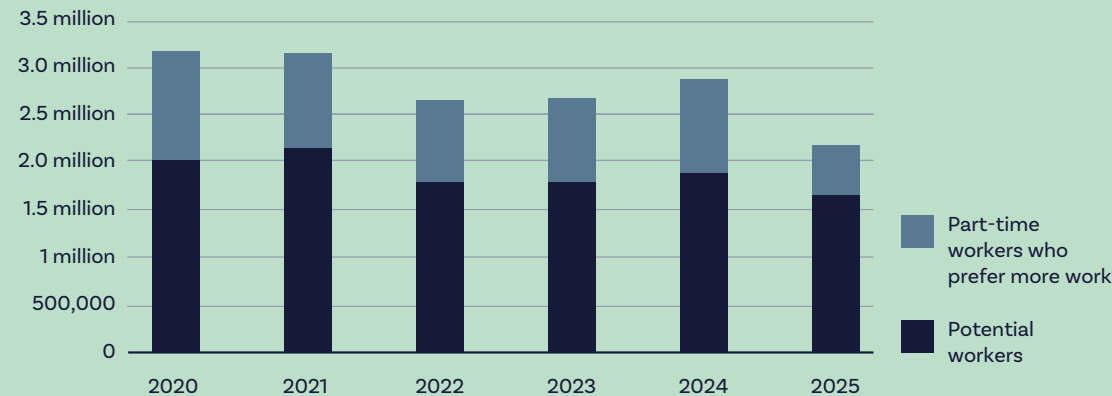
in Accommodation and Food Services



**33,600**

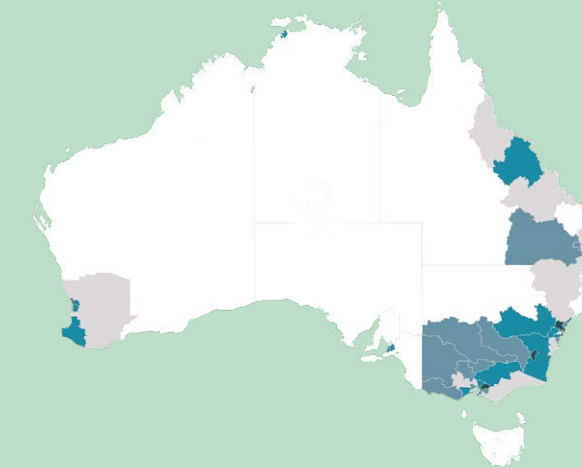
in Professional, Scientific and Technical Services<sup>5</sup>

Number of **unemployed and underemployed** people, 2020 - 2025:



<sup>5</sup> Australian Bureau of Statistics, *Essential sectors with labour shortages*, 2025, <https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/nov-2025/6354004.xlsx>

**Labour market performance, December 2025:**



Jobs and Skills Australia, *Regional Labour Market Indicator*, 2025 <https://www.jobsandskills.gov.au/data/regional-labour-market-indicator>

- Poor
- Below Average
- Average
- Above Average
- Strong

Australian Bureau of Statistics, *Underemployment workers, 2025*, [https://www.abs.gov.au/statistics/labour/employment-and-unemployment/underemployed-workers/feb-2025/62290\\_Table04.xlsx](https://www.abs.gov.au/statistics/labour/employment-and-unemployment/underemployed-workers/feb-2025/62290_Table04.xlsx)



**DESPITE COSTING ALMOST \$2.3 BILLION PER YEAR, WORKFORCE AUSTRALIA FAILS TO RESPOND ADEQUATELY TO THIS WORSENING EMPLOYMENT MARKET.**

Just 11.7% of Workforce Australia participants achieved a 26-week employment outcome in 2024-2025 – well below the official target of 15%.<sup>6</sup>

As the House of Representatives Select Committee captured in November 2023, the employment services system:

- Is “fragmented, disconnected, and hard to navigate”.
- Was designed “in a deficit paradigm” that assumes the “worst” about people who are unemployed.
- Is “highly and needlessly fragmented across the Commonwealth, between the Commonwealth and other jurisdictions, and within the service system itself – often by deliberate design”.
- Is “so choked with red tape, compliance, and inefficient IT systems that staff now spend 50% or more of their time on administration rather than working with clients and employers”.
- Is like “using a nuclear bomb to kill a mosquito”.

<sup>6</sup> Department of Employment and Workplace Relations, *Annual Report 2024-25*, 2025, p. 36-38.

People using employment services look to Workforce Australia to match them to decent jobs but often end up disillusioned. For those in need of help to gain a job, the system’s failure is frustrating, heartbreaking and a betrayal of their dreams to secure decent and meaningful work.

**“THERE ARE SOME AREAS WHERE, I MEAN, I’M PERFECTLY HAPPY WITH THE PROVIDER I’M WORKING WITH. I WOULD THINK OVERALL THEY’RE PRETTY GOOD. AT THE SAME TIME, MY EXPECTATIONS OF THEM ARE PRETTY LOW, AS I DON’T EXPECT THEM TO BE ABLE TO FIND A SUITABLE ROLE TO MATCH MY EXPERIENCE. I KNOW THAT EMAILS ARE FREQUENTLY NOT RETURNED OR PHONE CALLS NOT RETURNED.”**

**David, JobSeeker Payment and Family Tax Benefit recipient and Workforce Australia client**

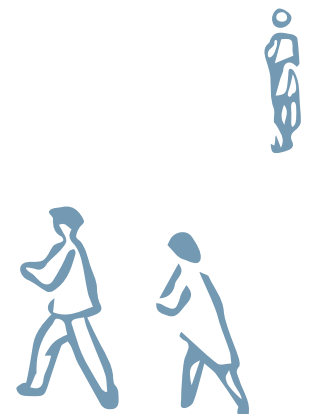
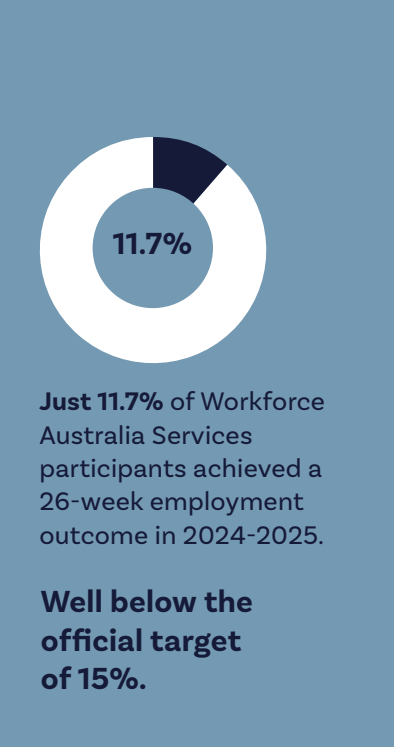
**“THEY NEVER SENT ME TO ONE JOB IN ALL THE YEARS I WAS WITH THEM.”**

**Sue, Job Seeker Payment recipient and Workforce Australia client**

Given this scathing assessment, it is not difficult to conclude that Workforce Australia is one of the most unproductive human service systems Australia has ever had.

There is now a fundamental mismatch between the employment services system Australia has designed over successive decades and the people, employers and communities who need a higher quality system. As detailed by Jeff Borland AO in the *Australian Economic Review*, over the past 25 years the national employment services system has become “less and less suitable for helping jobseekers facing high barriers to get into work”.<sup>7</sup> Time is now of the essence to build a better and more integrated employment services system that meaningfully contributes to the Government’s aim of full employment – by helping all people in Australia find decent jobs, especially those with complex needs and only partial capacity to work.

<sup>7</sup> J Borland, ‘Employment Services for Jobseekers Needing Substantial Assistance: How We Got to Where We Are and How to Make Progress’, *Australian Economic Review*, vol. 58(4), December 2025, pp. 332-342.



## CHANGE IS FAST BECOMING MORE URGENT – FOR TWO REASONS.

Firstly, crucial contracting deadlines are approaching. The current Workforce Australia and Transition to Work licenses end in mid-2027, the Transition to Work deed ends in mid-2027, and the Workforce Australia deed ends in mid-2028. A failure to act now may result in extension or retendering processes that will prolong this failing system for up to five more years.

Secondly, technology, population ageing, the growth of the care economy, and artificial intelligence are transforming the employment market at speed. Only a smarter, more agile and modern employment service system can hope to bridge the gap between the labour market's needs and job seekers' readiness to work.

In June 2024 the Government accepted the Select Committee's clear position on the need for fundamental reform and announced its intention to act. While considerable change to other employment programs has been progressed across Government – including replacements for ParentsNext, the Disability Employment Services, and the Community Development Program – the Workforce Australia system remains largely unchanged.

The necessary reforms will take more than one budget to implement, but the Committee believes the heavy lifting must start in the May 2026 budget. Further delays will simply push the costs into the future, to the detriment of the economy and the unemployed.

To advance this process, for the purposes of this report the Committee commissioned analysis of a potential funding model for a new employment services system. That analysis costs the key elements of the Select Committee's recommendations. This work has been completed by Taylor Fry, with input from the Committee and senior officials.

The goal of the Taylor Fry report is to help the Committee flesh out the Select Committee recommendations and produce a realistic vision of an employment services oriented around quality support.

The main elements of the proposed improved system are:

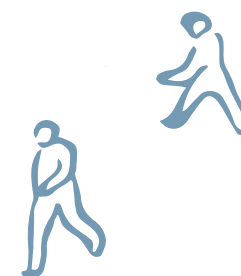
- An improved service offer through better quality employment consultants with more time to spend supporting service participants.
- An increased role for the APS in delivering employment services.
- An independent quality commission to drive service improvement.

## 4.3 REFORMING THE TARGETED COMPLIANCE FRAMEWORK

The TCF is the framework through which the Department of Employment and Workplace Relations (DEWR) and Services Australia manage compliance with the activities that job seekers in receipt of income support are required to complete. The Committee has previously recommended fundamental reforms to Workforce Australia and to the TCF to remove the harm it does. In its 2024 Report, the Committee noted that:

**“some aspects of the social security system have become excessively punitive in their approach to participation and activation regimes and their accompanying reporting, surveillance and compliance processes.”<sup>8</sup>**

<sup>8</sup> Economic Inclusion Advisory Committee, *Economic Inclusion Advisory Committee 2024 Report to Government*, 2024, p. 115.



In 2024 and 2025, the Secretary of DEWR decided to pause some social security cancellations and reductions pending reviews of the system after discovering failures in the IT system that administers the TCF.<sup>9</sup>

In February 2025 the Commonwealth Ombudsman initiated an inquiry into the TCF, focusing on whether income support payment cancellations by DEWR and Services Australia were lawful, fair, and reasonable. The inquiry was undertaken in two parts: (1) the operation of automation in the system contrary to the legislation, and (2) the fairness of DEWR's decisions about remediation, cancellation and oversight of providers. A total of 964 people had had their income support cancelled through automation contrary to legislation between 2022 and 2024, and a further 45 people had automated cancellations after the Secretary of DEWR paused cancellations. The Ombudsman made strong findings in both reports.

The first report found that the cancellations were not lawful, and that there was a failure to ensure processes and computer systems complied with the amended legislation. Of particular concern, the Ombudsman found that failing to exercise discretion about whether to cancel income support “poses potentially significant, if not catastrophic,

<sup>9</sup> DEWR, *Secretary's statement updating on the progress of assurance reviews, and announcing decisions to pause additional elements of the Targeted Compliance Framework*, 2025.

consequences for vulnerable job seekers.”<sup>10</sup> The Ombudsman stated that “the actions of DEWR and Services Australia... were contrary to law” and made a series of recommendations including that cancellations not be resumed until the Secretary of DEWR is certain that the errors have been rectified and the system will comply with the law.

The second report found an unacceptable level of overturned provider decisions in the operation of the TCF. The Ombudsman noted that: “Services Australia determined that 51% of people assessed by Services Australia were not capable of meeting the requirements in their job plan that had been settled by providers”.<sup>11</sup> The Ombudsman further noted that:

**54% of the capability interviews conducted by providers that DEWR reviewed did not follow the correct procedure to update the JobSeekers' requirements after job seekers were found not capable of meeting their current requirements.**<sup>12</sup>

<sup>10</sup> Commonwealth Ombudsman, *Automation in the Targeted Compliance Framework: when the law is changed but the system isn't*, 2025, p.15.

<sup>11</sup> Commonwealth Ombudsman, *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*, 2025, p.33.

<sup>12</sup> Commonwealth Ombudsman, *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*, 2025, p.34.

DEWR's analysis also found that around 20% of non-compliance events recorded by providers against people were removed by DEWR.<sup>13</sup>

The second report also found:

**DEWR's remediation approach to compensate the 964 job seekers not to be fair and reasonable, that generally the decision-making processes that resulted in the section 42AF(2) cancellation decisions were not fair and reasonable, and that DEWR's oversight of providers in monitoring and responding to inconsistent or inappropriate decision making by providers is poor and lacks transparency.**<sup>14</sup>

The Ombudsman made recommendations about ensuring public information is “relevant, accurate and up to date”, that remediation is fair and reasonable, that there be better processes and guidance about record keeping, and that there be clear communications.

<sup>13</sup> Commonwealth Ombudsman, *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*, 2025, p.35.

<sup>14</sup> Commonwealth Ombudsman, *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*, 2025, p.5.



Experts with lived experience told the Committee that the possibility of suspension creates unnecessary stress for all its users and affects their whole life, particularly those already experiencing anxiety and mental health issues.

**“IF YOU’VE ALREADY GOT ANXIETY AND MENTAL HEALTH ISSUES, IT CAN MAKE IT SO MUCH WORSE, WHICH IMPACTS YOUR WHOLE LIFESTYLE AS WELL. IT MAKES IT ALL VERY STRESSFUL BECAUSE YOU THINK I’M GONNA GET DEMERIT POINTS OR MY PAYMENTS ARE GONNA BE CUT AND I WON’T BE ABLE TO PAY MY RENT OR THINGS LIKE THAT. SO THE WHOLE ISSUE IMPACTS YOUR WHOLE LIFESTYLE AND PUTS YOU UNDER A LOT MORE PRESSURE THAN YOU PROBABLY NEED TO BE AT A BAD TIME IN YOUR LIFE.”**

Sue, JobSeeker Payment recipient and Workforce Australia client

**“I’VE HAD THESE EXPERIENCES WHERE THE SYSTEM HAS STRESSED ME OUT TOO MUCH AND YEAH, NOT GIVEN ME ENOUGH AUTONOMY AND EMPATHY. IT’S SHOOTING THEIR SYSTEM IN THE FOOT CAUSE THEN I’M NOT ABLE TO WORK, OR AT LEAST WORK AS MUCH FOR THEIR SYSTEM THAT THEY WANT ME TO WORK IN. SO WHY THEY’RE PUTTING EXTRA STRESSES ON ME WHEN I HAVE THESE DISABILITIES ... THEY KIND OF CONTRADICT THEMSELVES IS PROBABLY WHAT I’M TRYING TO SAY.”**

Alex, JobSeeker Payment recipient and Workforce Australia client

**MANY PEOPLE ARE HIGHLY CONFUSED AS TO WHY THEIR PAYMENTS MAY HAVE BEEN SUSPENDED, POINTING TO THE NEED FOR ANY REPLACEMENT SYSTEM TO HAVE FAR GREATER LEVELS OF CLARITY AND HUMAN INTERACTION.**

**“WHEN IT DOES COME UP WITH THAT YOUR PAYMENTS BEING ON HOLD OR THEY PUT YOU THROUGH THAT, THERE’S NOT REALLY A LOT OF EXPLANATION ON WHAT’S GOING ON OR WHAT YOU MIGHT HAVE NOT DONE.”**

Ujjeshaa, JobSeeker Payment recipient



These testimonies along with the Ombudsman’s main findings – that large numbers of people were having their payments suspended contrary to law and without reasonable remediation and compensation – demonstrate the inherent unfairness of the TCF. This has caused the Committee to alter its position. Until now, the Committee has been recommending a move towards a Shared Accountability Framework in Employment Services that would retain many of the failed processes identified in the Ombudsman investigation – including automated payment suspensions and cancellations.

**THE COMMITTEE NOW BELIEVES THAT A TOTALLY NEW APPROACH IS NEEDED THAT REORIENTS THE EMPLOYMENT SERVICES SYSTEM AROUND THE PRINCIPLE OF POSITIVE ENGAGEMENT INSTEAD OF PUNITIVE ENFORCEMENT.**

The Committee believes further that design of a new system must include input from people using the service and providers. Money now being spent on rectifying a broken system, should instead be put towards building a fairer and more effective employment services system.

#### 4.4 SYSTEM REFORM

The final report of the House Select Committee on Workforce Australia Employment Services *Rebuilding Employment Services* set out a comprehensive proposal for reform, with detailed information on the proposed components of a reformed system and a guide for implementation. In mid-2024 the Government’s response to the final report committed it to releasing further detail “on the plan for employment services reforms, including the phasing and priority for implementation”,<sup>15</sup> but that further detail has not been forthcoming.

Some progress has been made. Some of the recommendations are being trialed – for example, the regional jobs hubs in Tasmania and Victoria – which should provide a firm basis on which to build.<sup>16</sup> In the 2024-25 federal Budget, the Government stated it was “taking incremental steps... towards larger scale reform of the employment services system” as “an initial response” to the Select Committee report, although no similar statement appeared in the 2025-26 federal Budget.<sup>17</sup>

<sup>15</sup> DEWR, *Australian Government Response to the House Select Committee on Workforce Australia Employment Services reports*, 2024, p.16.

<sup>16</sup> There are also programs in Queensland (Skilling Queenslanders for Work [MEDIA STATEMENT: Government skills Queenslanders for work with nearly \\$50 million funding - Ministerial Media Statements](#)); Western Australia (Jobs and Skills Centres [Get that job! | Jobs and Skills WA](#)); and New South Wales ([Get Back in the Game Get Back in the Game](#)).

<sup>17</sup> DEWR, *2024-25 May Budget*, 2025.

**THE ENDING OF THE CURRENT PROVIDER LICENSES ON 30 JUNE 2027 MAKES THE DESIGN AND SEQUENCING OF THE REFORMS AN URGENT PRIORITY.**



The Committee now believes that a totally new approach is needed that reorients the employment services system around the principle of positive engagement instead of punitive enforcement.

#### 4.4.I PHASING OF THE REFORMS

The Committee notes that various implementation proposals have been made. The final report of the House Select Committee suggested a ‘staged approach to change’, including reforms needed within the first 12 months.<sup>18</sup> Some organisations have made similar suggestions.<sup>19</sup>

As a way forward, the Committee proposes that reforms be phased over three time horizons. These are set out in Table 4.1.<sup>20</sup> While each of these points would require further consideration and development, the direction of travel is clear.

<sup>18</sup> Select Committee on Workforce Australia *Employment Services, Rebuilding Employment Services Final Report on Workforce Australia Employment Services, Commonwealth of Australia, 2023*, p. 507.

<sup>19</sup> See for example ACOSS, ‘Workforce Australia Reforms Briefing Note’, September 2025; J Borland, ‘Employment Services for Jobseekers Needing Substantial Assistance: How We Got to Where We Are and How to Make Progress’ *Australian Economic Review*, vol. 58(4), December 2025, pp. 332-342.; Brotherhood of St. Laurence, ‘Expanding workforce participation: strengthening access to work to build productivity’, 2025; Centre for Policy Development, Brotherhood of St. Laurence and the University of Melbourne ‘Reform of the Australian employment services system: design options’, October 2023.

<sup>20</sup> This phasing is informed by the Report of the House of Representatives Review of the Workforce Australia Employment Services system, op cit; J Borland op cit; Australian Council of Social Service op cit; Brotherhood of St. Laurence op cit, Centre for Policy Development op cit.

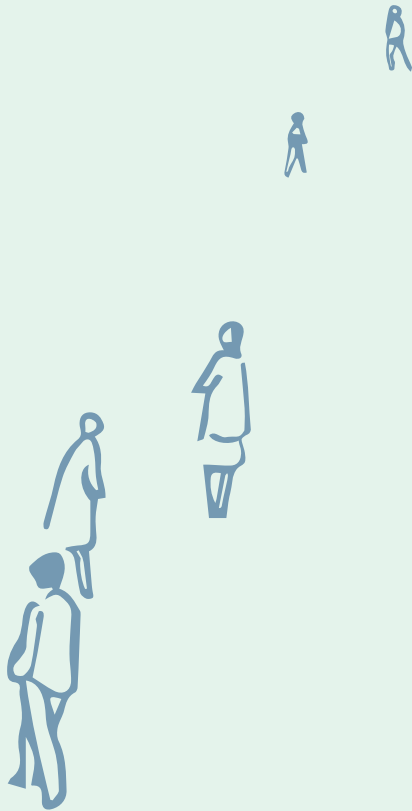
**TABLE 4.I: PROPOSED IMPLEMENTATION STAGES FOR EMPLOYMENT SERVICES REFORM**

<p><b>HORIZON 1 (NOW TO JUNE 2027)</b></p>	<p><b>Making public a roadmap and timeframe for all three horizons of reform</b></p> <ul style="list-style-type: none"> <li>• Consider whether a new legislative framework is needed for a reformed system and, if so, what form that will take including the constitutional head of power under which that should be done.</li> <li>• Engage the states to identify opportunities to work collaboratively and to build on existing models and infrastructure – for example regional hubs.</li> </ul> <p><b>Establish the ‘public service core’ proposed by in the Final Report, being the structures to oversee the reforms, including:</b></p> <ul style="list-style-type: none"> <li>• Employment Services Australia (ESA): ESA will lead the design of future components and settings for the employment services system, including the new commissioning and funding model, and use them in the Request for Proposals in the next contracting round. For example, the ESA will identify the new employment regions and articulate the role regional employment hubs will play even if they are not yet in place.</li> <li>• Employment Quality Commission (EQC): The EQC will develop a new framework built on the principles of formal relational contracting to measure provider performance, and develop plans to upskill the workforce.</li> </ul> <p><b>Engaging key stakeholders in planning and implementing phasing, including participants with lived experience of employment services</b></p> <ul style="list-style-type: none"> <li>• ESA will convene specialised governance groups, including people with lived experience of the system, to advise on system redesign. Once the system is functioning, these groups will continue to have a role as advisors to the department.</li> <li>• Build public sector capability to work as a systems steward, responsible for guiding and shepherding the system towards high-level goals, making adjustments along the way informed by participants in the system. The shift in public sector capability will require preparing new professional standards.</li> </ul>
<p><b>HORIZON 2 (JULY 2027 - JUNE 2028)</b></p>	<p><b>Agree a new funding and commissioning model</b></p> <ul style="list-style-type: none"> <li>• For the next contracting round seek one generalist provider per region, one youth provider, and specialist providers for identified cohorts across regions, including First Nations specialist providers. Through the Request for Proposal process, Government could determine where it may need to step in to provide services, for example if there is no interested provider in a particular region, or if existing providers are not able to offer the services needed.</li> <li>• Reform activation and compliance for participants, including building a new IT system to administer the new model.</li> </ul>



**TABLE 4.I: PROPOSED IMPLEMENTATION STAGES FOR EMPLOYMENT SERVICES REFORM (CONTINUED)**

<p><b>HORIZON 2 (JULY 2027 - JUNE 2028)</b></p>	<p><b>Build in a trial of relational contracting with providers and collaborative commissioning across departments and with other levels of government</b></p> <ul style="list-style-type: none"> <li>• Trial formal relational contracting in the proposal process and in contracting for future service provision. Proposals would be expected to demonstrate experience working relationally with Government and each other, and a connection to community.</li> <li>• Adopt a different approach to funding, including greater upfront or block funding.</li> <li>• Review existing employer regions to identify and potentially revise thin and saturated service regions.</li> <li>• For the next contracting round seek one generalist provider per region, one youth provider, and specialist providers for identified cohorts across regions, including First Nations specialist providers. Through the Request for Proposal process, Government could determine where it may need to step in to provide services, for example if there is no interested provider in a particular region, or if existing providers are not able to offer the services needed.</li> </ul>
<p><b>HORIZON 3 (JULY 2028- JUNE 2030)</b></p>	<ul style="list-style-type: none"> <li>• Commence new contracts and the operation of the new system, including new ways of working.</li> <li>• Stand up Regional Hubs in multiple regions, including coordinating with existing infrastructure in states and territories.</li> <li>• Establish methods of system learning such as communities of practice involving providers across the system. ESA would be the system steward, enabling shared learning and improvements across the system. Formal relational contracting would support this new way of working together, with adjustments in delivery and approaches made to deliver better outcomes for participants.</li> <li>• Expand national employment and training/labour market programs, with particular focus on people who have been long term unemployed.</li> </ul>
<p><b>HORIZON 4 (JUNE 2030)</b></p>	<ul style="list-style-type: none"> <li>• Scale out the Regional Hub Model to all employment regions.</li> <li>• Embed communities of practice and relational contracting ways of working.</li> </ul>



#### 4.4.2 COSTING THE REFORMS

The cost of the current Employment Services System – almost \$2.3 billion per year – is significant, particularly given its poor performance, outlined in section 4.2 above.

The Committee commissioned Taylor Fry to model the cost of the reforms proposed in the House of Representatives' Select Committee Final Report. Their report used assumptions relating to the mode of delivery, the extent of the role of the public service, wage levels, and the number of employment regions, among others. It also endeavoured to identify where new functions would replace existing ones, to avoid double counting of expenses. The sheer opaqueness of the current funding system made this a difficult task.

The Committee is clear that increased funding for employment service providers must produce higher quality services. Increased resources are needed to fund staff with higher qualifications and to enable them to spend more time supporting people, and the licensing of the services must require these higher standards.

**ONLY THOSE PROVIDERS ABLE TO OFFER A HIGH QUALITY, RELATIONAL SERVICE CONSISTENT WITH THE INTENTION OF THE NEW SYSTEM SHOULD BE CHOSEN THROUGH THE COMMISSIONING PROCESS.**

The modelling found the total cost of the reformed system to be between \$3.31 billion and \$4.65 billion. This compares to the current cost of \$2.29 billion. While this is significantly higher, the Select Committee's Final Report noted that Australia currently spends significantly less per participant than the OECD average – more than the OECD average on the operating core (or administration) of the system, but only half the OECD average overall.<sup>21</sup> The increased cost is built on several important assumptions:

- Reduced caseload per case worker.
- Increased salaries to attract and retain higher quality staff.
- Having hubs across 109 regions.
- An increased role for the APS in case managing high intensity participants.
- An increase in the time frontline workers could spend with participants.

While the service provision will be more expensive, it should be far more effective, bringing long-term expenditure reduction and other social and economic benefits (though the last of these has not been modelled here). These benefits include increased employment and reduced spending on income support payments. Increased employment brings higher GDP and tax revenue to Government. Reduced income support payments would come from an improved employment services system in two ways. First, a better system

<sup>21</sup> Select Committee on Workforce Australia Employment Services, *Rebuilding Employment Services Final Report on Workforce Australia Employment Services*, Commonwealth of Australia, 2023, p. xix.

would, on average, shift participants more quickly into employment and into jobs with longer hours of work and higher pay. The average time on JobSeeker, and the average amounts of JobSeeker Payment while receiving payments, would thereby be reduced. Second, a better system, by placing participants into higher quality and more secure jobs, would reduce the likelihood of moving back onto JobSeeker. Both these effects will cause a decrease in the size of JobSeeker population that exists at any point in time.

Overseas studies show a clear link between lower case ratios, higher quality caseworkers and employment outcomes.<sup>22</sup>

The returns on quality improvements can be extremely significant.

At the request of the Committee, DSS has conducted preliminary modelling based on a higher quality employment services system achieving a decrease in the time that people receiving JobSeeker Payment spend in the system. It found that a 3% reduction in the time people spend on JobSeeker (excluding people with partial capacity to work) would save \$665 million in Government spending per year.

<sup>22</sup> A Schiprowski, 'The Role of Caseworkers in Unemployment Insurance: Evidence from Unplanned Absences', *Journal of Labor Economics*, 2020, 38(4), p. 1189 – 1225, <https://www.iza.org/publications/dp/11040/the-role-of-caseworkers-in-unemployment-insurance-evidence-from-unplanned-absences>; L Zeigler, 'How Do Caseworkers Affect Job Search Outcomes?', *IZA DP No. 18094*, 2025, <https://www.iza.org/publications/dp/18094/how-do-caseworkers-affect-job-search-outcomes>.

### The returns on quality improvements can be extremely significant.

A 3% reduction in the time people spend on JobSeeker would

#### SAVE \$665M

in government spending per year.

A 5% reduction in the same group would

#### SAVE \$1.1B

through reduced JobSeeker payments alone.



A reduction of time spent in the system of 5% for the same group would save \$1.1b each year through reduced JobSeeker payments alone.

Conversely, a failure to improve the system will contribute to a steadily increasing caseload and rising costs as more people languish on JobSeeker for longer.

## 4.5 REFORM OF THE DISABILITY SUPPORT PENSION

**“I HAVE LIVED WITH A DISABILITY FOR MOST OF MY LIFE. WHEN GIVEN THE CHANCE, I AM A HARD WORKER AND AM A HIGH ACHIEVER.**

I want to use those qualities to earn money so my daughter and I won't live in poverty. But with a child to raise and multiple disabilities, I can't find work that accommodates my needs. Those opportunities are just so rare.

I would do anything, I am not fussy, as long as it's not physical work, which I can't do. But there are just no non-physical jobs that offer part-time or seasonal work for around 8-15 hours a week. At uni, none of the placements could be done part time. Nevertheless, I know I am lucky to be on the DSP.

**I feel vicarious trauma from watching friends suffer who can't get onto DSP but should definitely be on it, some who have lost housing or had to give up custody of their kids and have spiralled downwards due to their lack of support.**

**AS WELL AS THE RARITY OF JOBS, THERE ARE ALSO DISINCENTIVES TO WORK THAT KEEP PEOPLE LIKE ME TRAPPED IN POVERTY.**

If I work, Centrelink takes 50% of everything I earn after around \$200. And then my community housing provider takes 25% of everything that's left. But with a disability I also have to pay for my own supports, such as someone to help around the home if I am working and can't manage everything, and things like transport costs, lunches etc. I left a (rare) job in 2023 after I realised I was only earning about \$90 real dollars out of approximately \$500 fortnightly paycheck.”

**Sarah, Disability Support Pension and Family Tax Benefit recipient**

As well as the failures of the current employment services system, the Committee considered the structural barriers exacerbating the unemployment problem, including problems relating to eligibility for the DSP.

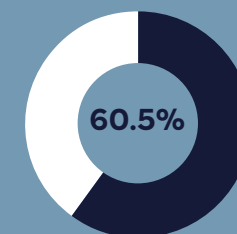
People with disability face structural and societal barriers to employment and have significantly poorer employment outcomes as a result. In 2022, 60.5% of people with disability between 15-64 years of age participated in the workforce, compared to 84.9% for those aged 15-64 without a disability.<sup>23</sup> Data from DSS shows that out of 834,930 DSP recipients, only 58,405 (7%) had earnings from an employer – a proportion that has remained relatively stable since June 2020.

This chronic lower level of employment for people with disability represents a long-term policy failure – especially as we know that participation in paid employment has positive effects on people's mental health, wellbeing and broader life satisfaction – effects more pronounced for people with disability than those without.<sup>24</sup>

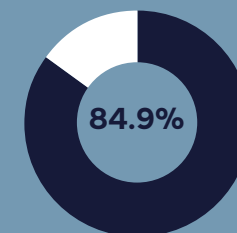
<sup>23</sup> Australian Bureau of Statistics, *Disability, Ageing and Carers, Australia: Summary of Findings, 2022*, <https://www.abs.gov.au/statistics/health/disability/disability-ageing-and-carer-s-australia-summary-findings/latest-release>.

<sup>24</sup> Deloitte Access Economics, *Opportunities for reform to improve workforce participation of Disability Support Pension recipients, 2025*, p.7.

In 2022:



60.5% of people with disability between 15-64 years of age participated in the workforce.



Compared to 84.9% for those aged 15-64 without a disability.



#### 4.5.1 LIFTING WORK LIMITS

To be eligible for the DSP, a person must be assessed as being unable to work for 15 or more hours per week as a result of a disability or medical condition. While receiving DSP, a person can work up to 30 hours a week before their DSP is suspended for up to two years and then cancelled. This 30-hour limit operates as a ceiling on their economic and workforce participation by providing a very stark and very obvious active disincentive to work. While some people with disability need to work episodically to best manage their disability, or may not be able to work at all, others want to work more than 30 hours. Removing the barriers preventing people returning to employment or increasing their hours of work should be the focus of policy in this important area.

Progress has been made over time. In 2012, the work limit for DSP recipients increased from 15 hours to 30 hours per week – allowing them to work twice as many additional hours before DSP suspension or cancellation. It is now time to go further by removing the 30 hour per week limit.

Removing the 30-hour limit would also benefit people with fluctuating or episodic conditions by providing greater flexibility to work hours that are suitable to them at a given point in time, while maintaining the safety net of the DSP should their condition deteriorate.

#### 4.5.2 EXTENDING THE SUSPENSION PERIOD

The two-year suspension period compounds the complexity for DSP recipients seeking to work. People with disability may want to maintain their employment beyond two years but may be concerned that job insecurity or their disability will result in them losing their job in the future.

### FOR PEOPLE WITH DISABILITY, EMPLOYMENT CAN BE EPISODIC AND THEIR ABILITY TO WORK UNPREDICTABLE.

Further a June 2025 report provided to the Committee by Inclusion Australia and prepared by Deloitte Access Economics noted that ‘DSP recipients (and people with disability more broadly) are at higher risk of labour market churn and lower job security’.<sup>25</sup>

Under current settings, if a DSP recipient’s earnings or hours exceed the hour and income limits, their payment can be suspended for up to two years, after which the person’s payment is cancelled (meaning they must reapply from scratch) if they remain ineligible due to work. Concern about losing their DSP eligibility due to insecure work could lead to them leaving employment early so as not to have their DSP cancelled.

<sup>25</sup> Deloitte Access Economics, *Opportunities for reform to improve workforce participation of Disability Support Pension recipients*, 2025, p.12.

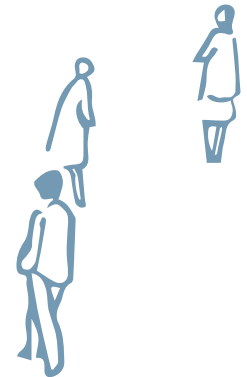
The report by Deloitte Access Economics recommended extending the suspension period from two to ten years to tackle this unintended problem.<sup>26</sup> People would be able to move in and out of the workforce based on their condition, not based on fear of losing the DSP. The report estimated overall income benefits to the individual and Government if these changes were made to be \$105,000 in net benefit to the individual (additional income less taxation and receipt of DSP benefits) and a benefit to Government of \$282,400 over the additional eight years.<sup>27</sup> This change to the suspension period would enable increased flexibility and opportunity for people with disability, resulting in better individual and economic outcomes.

#### 4.5.3 EXTENDING THE PERIOD OF ACCESS TO PENSIONER CONCESSION CARD

When a person is granted access to the DSP, they also receive a Pensioner Concession Card (the Card). The Card entitles the holder to cheaper medicines under the Pharmaceutical Benefits Scheme (PBS), bulk billed doctor visits (at the doctor’s discretion), and the concessional thresholds of the PBS Safety Net and the Extended Medicare Safety Net. State, territory and local governments offer concessions and other benefits to people with the Card.

<sup>26</sup> Deloitte Access Economics, *Opportunities for reform to improve workforce participation of Disability Support Pension recipients*, 2025, p.13.

<sup>27</sup> Deloitte Access Economics, *Opportunities for reform to improve workforce participation of Disability Support Pension recipients*, p. 34.



These benefits are significant and necessary. Loss of the DSP also means loss of the Card, and a consequent increase in medical and other costs, with potentially significant financial results.

#### 4.5.4 CHANGING THE TAPER RATE FOR THE DSP

People in receipt of the DSP (and other pension payments) may have it reduced depending on their income. The extent of the reduction is called the taper rate. For people on income support the income test comprises an 'income free area' (which is the allowable amount of income a person can have before their payment begins to reduce), followed by a withdrawal – or 'taper' – rate, which gradually reduces income support as the recipient's private income increases.

Taper rates together with increased income tax can mean that recipients of the DSP can experience high EMTRs. High EMTRs can function as a disincentive to increase hours of work.

The Committee is of the view that reducing DSP taper rates should be considered as part of a wider review of taper rates across the income support system.

## 4.6 CONCLUSION

Australia's employment services system is failing people. Multiple reports have found it to be inefficient, expensive, ineffective, and excessively punitive – with aspects of the enforcement being found to be contrary to law. Most of all, it is not helping people into work. Fewer than one in eight service users find a job within 26 weeks.

### THE COMMITTEE BELIEVES IT IS TIME FOR REFORM TO HELP PEOPLE BACK INTO WORK.

It therefore recommends the winding up of Workforce Australia with its negative, punitive compliance-based approach and its replacement with a new employment services system based on the concept of encouraging capability and confidence through more intensive, higher quality support. It is important to act now, before a new round of contracting for the failed existing system becomes necessary. To assist, the Committee has proposed a program of phased reforms. While the cost of this change is considerable, the potential benefits are substantial and the costs will be offset by savings through increased employment and reduced income support payments.

Some of the DSP rules have become a barrier to employment that work against the goal of encouraging and assisting people with disability back to work where possible. To remedy this, the Committee recommends changing rules that limit hours of work, suspension periods and eligibility to other concessions important to maintaining quality of life.

The current employment services system and DSP eligibility rules are simply not effective in helping people with barriers to work back into employment. We must grasp this opportunity to change it.



# POVERTY MEASUREMENT



## RECOMMENDATION

### RECOMMENDATION 13

The Committee reiterates its previous recommendations that the Government adopt official poverty measures for Australia to be reported upon annually – a monetary and multidimensional measure – and allocates sufficient resourcing to the Australian Bureau of Statistics for the necessary data.



**“I’VE FOUND THAT LIVING WITH YOUR NOSE ABOVE THE POVERTY LINE IMPACTS YOU IN MORE WAYS THAN JUST PAYING YOUR BILLS ... I FEEL LIKE BEING IN POVERTY REALLY GETS IN THE WAY OF CONNECTION. SO I THINK IT’S MORE THAN JUST ABOUT HAVING MONEY TO PAY YOUR BILLS AND KEEP THE ROOF OVER YOUR HEAD AND FOOD ON THE TABLE. IT’S ABOUT SO MUCH MORE THAN THAT.”**

Elisa, Family Tax Benefit recipient



## 5.1 INTRODUCTION

**Since its establishment, the Committee has been calling for the creation of an official, legislated measurement of poverty to focus policy and assess progress towards a nation free of poverty. The Committee’s 2025 Report recommended the Government legislate the introduction of monetary and multidimensional measures of poverty, provide the ABS with the necessary resources to collect and report on the data, and agree a period from which reporting will commence. The Committee repeats this recommendation in this report.**

Poverty continues to afflict too many people in Australia. In 2024, using the OECD framework for poverty measurement, the Productivity Commission reported that around one in every seven Australians experienced poverty in 2022 – the highest level since 2001.<sup>1</sup> While this and similar estimates provide a useful snapshot, more comprehensive and regular measurement of poverty is needed. Only agreed, consistent and ongoing measurement of poverty will enable the Government to understand its true nature and extent, the degree to which it is increasing or reducing, and how best to target policies, services, and funding to tackle it.

Australia’s lack of official poverty measures is inconsistent with our egalitarian ethos and our international commitments, placing us at odds with our responsibility under the United Nations Sustainable Development Goals to develop a national definition of poverty and reduce poverty at ‘least by half’ by 2030. Many comparable nations have accepted this fundamental economic and social responsibility and so should Australia. In fact, almost 160 countries currently have official poverty measures – either monetary or non-monetary or both – and multidimensional poverty measures are currently used in 84 countries, including Canada and New Zealand. International organisations like UNICEF, the European Union, and the World Bank also use them.

<sup>1</sup> Productivity Commission, *Fairly equal? Economic mobility in Australia*, Research paper, Canberra, 2024, p.4.

**Australia’s lack of official poverty measures is inconsistent with our egalitarian ethos and our international commitments.**



Reducing poverty remains an urgent priority, especially given the ongoing “affordability” crisis that is pushing so many families into economic hardship right across the world. The Committee has heard from people receiving income support in Australia of the increased challenges due to rising cost of living, and the difficulties in making ends meet from low-paid, casual or insecure work.

The UK’s Child Poverty Strategy – *Our Children, Our Future* – released in December 2025 reported how recent rises in the cost of living in the UK have caused more working families to struggle.<sup>2</sup> The Committee sees similar problems in Australia with data from the HILDA Survey showing an uptick in rates of financial stress in Australia since 2021 alongside rising cost-of-living pressures, particularly from 2023.<sup>3</sup> Eloquent testimony to the Committee’s hearings from people on very low income, adds a human dimension to the statistics.

2 Government of the United Kingdom, *Our Children, Our Future: Tackling Child Poverty*, United Kingdom, 2025, <https://www.gov.uk/government/publications/our-children-our-future-tackling-child-poverty>.

3 I Laß, F Botha, K Peyton & R Wilkins, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 23*, Melbourne Institute of Applied Economics and Social Research, The University of Melbourne, 2025, p.70-71.

**“WHEN TIMES WERE SO TOUGH, I USED TO HAVE TO BUY A BAKERY TREAT ON INDIVIDUAL DAYS FOR MY THREE CHILDREN TO STREAMLINE OUR BUDGET. IT’S ONLY JUST NOW, FIVE YEARS OUT OF DOMESTIC VIOLENCE, THAT I CAN BUY US ALL A DONUT AT THE SAME TIME.”**

**Amanda, Carer Payment, Family Tax Benefit and Commonwealth Rent Assistance recipient**



## 5.2 RECENT ADVANCES IN POVERTY MEASUREMENT

While no formal Government announcement of poverty measures has yet been forthcoming since the Committee first made its recommendation, much progress has been made on the technical aspects of poverty measurement in the last year.

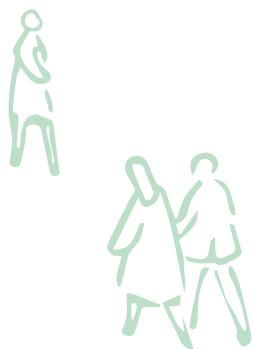
### 5.2.1 THE LIFE COURSE DATA INITIATIVE

One notable development has been the work of the ABS and partners to develop a new and experimental indicator of child disadvantage as a key priority of the Life Course Data Initiative (LCDI).<sup>4</sup> This exciting initiative is using linked datasets to construct a multidimensional measure of child disadvantage, drawing together “domains relevant to a child’s experiences, like economic resources, living standards, and participation in educational opportunities”.

4 Australian Bureau of Statistics, *Life Course Dataset and developments*, <https://www.abs.gov.au/about/key-priorities/life-course-data-initiative/life-course-dataset-and-developments>.

This measure will be available for researchers to access from mid-2026 and the Committee regards it as a significant step forward to improving Australia's ability to make data-informed policy decisions around children's wellbeing. By resolving tricky data and measurement problems, it is advancing Australia's understanding of multidimensional poverty measurement in crucial ways.

While the Committee regards the measurement of child poverty as vital, it believes it should not be considered a substitute for an overall population-level measure of poverty.



## 5.2.2 FIFTY YEARS BEYOND THE HENDERSON INQUIRY

Another significant advance in poverty measurement has been the work conducted to mark 50 years of the Henderson Poverty Line which has been undertaken by academic and community sector research groups into poverty measurement, informed by productive engagement with senior officials. In August 2025 the *Australian Economic Review* released a landmark publication *Fifty Years Beyond the Henderson Inquiry: Rethinking Poverty Measurement for Australia*.<sup>5</sup> The volume endorsed the central idea of a dual approach to poverty measurement – monetary and multidimensional – and outlined the insights to be gained from measuring and considering the two factors side-by-side.

**THIS APPROACH, THE WORK SUGGESTS, RECOGNISES THAT POVERTY IS NOT SOLELY A MATTER OF INADEQUATE INCOME, BUT A MUCH MORE COMPLEX CONDITION SHAPED BY A RANGE OF INTERLINKED SOCIAL AND ECONOMIC FACTORS.**

The volume included broad ranging discussion of poverty measurement issues, including:

<sup>5</sup> S Alkire et al., *Fifty Years Beyond the Henderson Inquiry: Rethinking Poverty Measurement for Australia*, *Australian Economic Review* 58(1), 2025.

- An illustrative model of a multidimensional poverty index (MPI).
- The links between material deprivation and poverty persistence.
- How to account for the costs of living with disability.
- How to measure multidimensional child poverty using a framework that considers the material basics, opportunities and relationships that a child experiences.



As Davidson and co-authors summarised,

**There is a good deal of consensus among researchers and advocates in Australia over the need for official income-based, direct and multidimensional measures of poverty. What remains is the political will to develop official national measurement tools to track the extent of poverty in Australia and the impact of public policies to reduce it.<sup>6</sup>**

The volume also highlights the quality of the data and the strength of the methodological basis for official poverty measurement in Australia, adding more weight to the Committee's view stated in its 2025 Report that "determining official poverty measures should not be difficult."

<sup>6</sup> P Davidson, Y Naidoo & B Bradbury, *Measuring Poverty in Australia – The Role of Income*, *Australian Economic Review*, 58(1), p.55, 2025.

## 5.3 SUPPORTING INVESTMENT IN PREVENTION AND EARLY INTERVENTION

Another important factor to consider is how official poverty measures would help governments at all levels to target prevention and early intervention policies – generally held to be the most cost-effective, long-term way to reduce entrenched disadvantage and increase national economic productivity.

To this end, the Committee welcomes the Productivity Committee’s recommendation to establish a National Prevention and Early Intervention Framework (‘the framework’) – as outlined in its December 2025 report *Delivering quality care more efficiently*.<sup>7</sup> The proposed framework would recognise prevention and early intervention programs as a form of strategic investment by multiple levels of governments to improve care outcomes and reduce demand for future acute and crisis care services. It called for the Australian Treasury to lead the development and implementation of the framework.

The framework offers a significant means of improving early intervention programs capable of reducing the causes of poverty. A substantial body of evidence exists on the benefits to people and Government expenditure of a prevention and early intervention approach to social care. The Productivity Commission lists a range of examples – from housing to family services to skin cancer programs – that are delivering impressive results. This task of moving spending from acute or crisis services to early intervention and prevention will not be easy. With care-related expenditure continuing to grow, the framework promises to be a timely and necessary starting point for shifting spending towards smarter ‘upstream’ investment. It also represents a practical way to advance the Government’s Measuring What Matters policies and its Targeting Entrenched Disadvantage package.<sup>8,9</sup> Shifting investment towards prevention in the first 2,000 days is also a prominent theme in the Government’s Early Years Strategy and would complement the Government’s existing early childhood investments such as the Cheaper Childcare reforms.

<sup>8</sup> The Measuring What Matters Framework is a national wellbeing framework consisting of 50 indicators relating to health, security, sustainability, cohesiveness and prosperity.

<sup>9</sup> Department of Social Services, *Entrenched disadvantage package*, Budget 2023-24 <https://www.dss.gov.au/supporting-community-change/resource/entrenched-disadvantage-package>.

Strong support for early intervention was endorsed by the Committee’s December 2025 Aboriginal and Torres Strait Islander Economic Inclusion Roundtable, which recommended that:

**The Australian Government should work with the Aboriginal Community Controlled Organisation sector to develop a National Early Intervention Data Set for Aboriginal and Torres Strait Islander children, along with a strategy to fill the data gaps. This would support forecasting and tracking of early intervention investment to grow the evidence base of what works. There would also be enormous benefit in a National Early Intervention Investment Framework to direct investment to the front end of the system.**

Official poverty measures would assist the framework by providing crucial data to assess progress. An agreed, consistent, robust national measure of poverty will help to boost the quality of evaluations of early intervention programs and ensure comparability between findings. While it can take many years to see the effects of poverty prevention programs flow through to adult income, multidimensional measures allow improvements to be assessed in near real time.

**Official poverty measures would help governments at all levels to target prevention and early intervention policies.**



For example, measuring improvements in school attendance, literacy, and numeracy among disadvantaged children provides an accepted indicator of likely increased future economic and social wellbeing.

## 5.4 THE OPPORTUNITY FOR THE AUSTRALIAN BUREAU OF STATISTICS

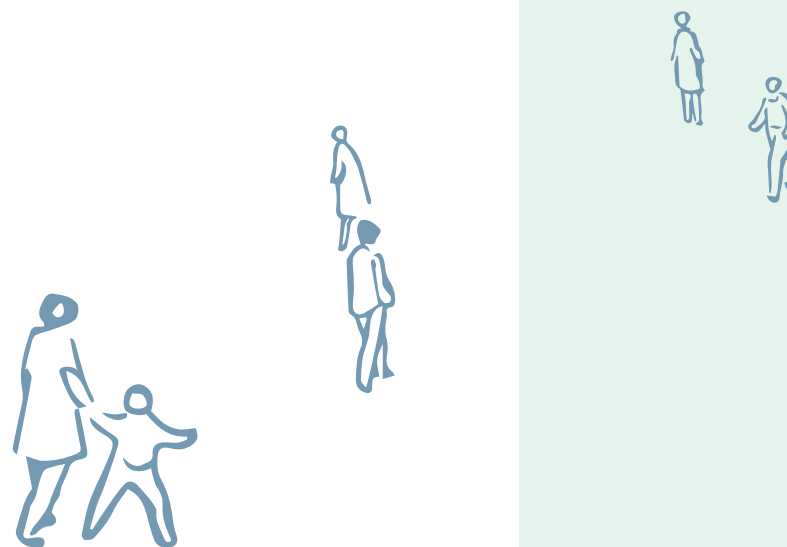
The ABS has an important role to play in the development and ongoing data collection and monitoring of official poverty measures. The Committee emphasises the need to resource the ABS adequately to perform this function.

There is a substantial body of work already being undertaken by the ABS that this work can connect into. This includes the work under the LCDI to establish an experimental indicator of child disadvantage (noted above), reporting under the Measuring What Matters framework, and the Data Policy Partnership. The Data Policy Partnership brings together representatives from Aboriginal and Torres Strait Islander communities and Australian, state and territory governments, to advance better data outcomes for Aboriginal and Torres Strait Islander People in line with Priority Reform Four of the National Agreement on Closing the Gap. Official poverty measurement should recognise and connect with this data architecture and commitments to Indigenous Data Sovereignty.

## 5.5 CONCLUSION

The additional evidence provided by new investigations into poverty in 2025 point to a growing consensus among economists, social policy experts, and sector advocates for a dual income and multidimensional measure of poverty. The evidence is building that the type of broad poverty measures proposed by the Committee will improve social and economic policy making across Government – by identifying poverty accurately, by enabling more precise targeting of expenditure, and by contributing to the creation of a national prevention and early intervention approach to care, which holds much promise in improving the effectiveness of Australian social policy and care expenditure more generally.

**THE INEXPENSIVE AND UNCONTROVERSIAL POLICY OF CREATING NEW MONETARY AND MULTIDIMENSIONAL MEASURES OF POVERTY FOR AUSTRALIA IS ONE WHOSE TIME HAS COME AND THE COMMITTEE REPEATS ITS CALL FOR THE GOVERNMENT TO ACT.**



# DEEP AND PERSISTENT DISADVANTAGE: AN UPDATE



## 6.1 INTRODUCTION

**“IT’S VERY MUCH LIKE CONSTANTLY ALWAYS CHOOSING TO PICK YOUR BATTLES, YOU KNOW? SOMETHING THAT I TRY NOT TO SKIMP ON TOO MUCH IS THE COST OF FOOD BECAUSE IF I CAN’T GET MY KIDS TO A DOCTOR ALL THE TIME AND ALL OF THESE THINGS, AT LEAST PROVIDING A GOOD DIET GIVES THEM A BETTER CHANCE TO SUCCEED.”**

Amanda, Carer Payment, Family Tax Benefit and Commonwealth Rent Assistance recipient

**The Committee’s Terms of Reference require it to explore options to reduce barriers to economic inclusion for the long-term unemployed and disadvantaged. A crucial task is to identify the most disadvantaged groups.**

A significant number of valuable studies of different aspects of disadvantage in Australia already exist. One of the most comprehensive and relevant is the Productivity Commission’s *Deep and Persistent Disadvantage in Australia* published in 2013.<sup>1</sup> That report provided a detailed discussion of the different approaches to measuring social and economic disadvantage, setting out the differences between income poverty measures which compare the income levels of households and relative poverty lines (set at 50% of median household income adjusted for household size), as well as measures of deprivation and social exclusion.

In the report, the Productivity Commission argues that disadvantage is a multi-dimensional concept that goes beyond income poverty to encompass people’s outcomes in terms of deprivation and social exclusion. Coming to grips with disadvantage therefore requires Australia to find the best ways to measure all these elements of the problem. The analytical framework developed in the 2013 report provides the basis for this chapter, which updates its findings using the most up to date data sets.

<sup>1</sup> R McLachlan, G Gilfillan & J Gordon, *Deep and Persistent Disadvantage in Australia*, Productivity Commission Staff Working Paper, Canberra, 2013. (Hereafter: Productivity Commission, *Deep and Persistent Disadvantage*, 2013).

## 6.2 DEFINING AND MEASURING THE MULTIPLE DIMENSIONS OF SOCIAL DISADVANTAGE

First, the Committee defines the multiple dimensions of social disadvantage.

### 6.2.1 INCOME POVERTY

Income poverty is a measure based on the *resources* available to households – namely, how much money they have coming in compared to a “poverty line”. People are said to be in poverty when their resources are below a standard judged to be minimally adequate. This poverty line can be based on measures of the cost of ‘living adequately’ or by comparisons with community incomes.

For example, the Committee’s 2025 Report included the results of research by the UNSW which assessed levels of income support payments against ‘Budget Standards’ – the amount of money households of different sizes and compositions need to purchase a basket of the specific goods and services required to achieve an acceptable standard of living.<sup>2</sup>

<sup>2</sup> The Henderson poverty line was set in 1966 as the then minimum wage plus child endowment for a benchmark single earner family with two children, essentially a poverty line based on community incomes. However, to adjust for the needs of households of different size and composition, the equivalence scales were based on budgets developed for families living in New York in 1954, making it a combination of the two approaches.

People are said to be in poverty when their resources are below a standard judged to be minimally adequate.



Another common poverty measure discussed in previous Committee reports is a poverty line set at half the median disposable household income of the whole population, adjusted for the number and characteristics of the people who live in the household. This approach is used in many international comparisons of income poverty, as well as in the Annual Statistical Reports of the HILDA Survey.

**AS NOTED IN CHAPTER FIVE, SINCE ITS ESTABLISHMENT, THE COMMITTEE HAS BEEN CALLING FOR THE CREATION OF AN OFFICIAL, LEGISLATED MEASUREMENT OF POVERTY TO FOCUS POLICY AND ASSESS PROGRESS TOWARDS A MORE ECONOMICALLY INCLUSIVE NATION.**

The Committee's 2025 Report recommended the Government legislate the introduction of monetary and multidimensional measures of poverty, provide the ABS with the necessary resources to collect and report on the data, and agree a period from which reporting will commence. The Committee repeats this recommendation in this report. The analysis in this chapter also provides a multi-dimensional perspective on the relationships between income poverty and disadvantage.

### 6.2.2 DEPRIVATION

The deprivation approach seeks to measure the *outcomes* of inadequate resources. These are measured as the extent to which people are missing out on purchasable items, activities or services regarded as essential by a majority of the population, and whether this was because the items were *not affordable*.

The HILDA Survey has collected information on deprivation in 2014, 2018 and 2022. In 2014 there were 22 items regarded as essential by the respondents – increased to 23 items in 2018 and 2022 (adding access to home internet). The full list of deprivation items includes medical treatment when needed, dental treatment when needed, home contents insurance, and at least \$500 in savings for an emergency.

### 6.2.3 SOCIAL EXCLUSION

Social exclusion is also a multidimensional concept that relates to someone's inability to participate or engage in key economic, social and political activities. Like 'deprivation', it is mostly an *outcomes focused measure of disadvantage* – although a number of indicators of social exclusion also seek to reflect an individual's *capability to effectively participate in society*.

One useful tool – the Social Exclusion Monitor – captures information on the level of exclusion of Australians aged 15 years and over.<sup>3</sup> Responses to a set of HILDA Survey questions were used to construct 28 indicators across seven key life domains. These were:

- Material resources (five indicators)
- Employment (five indicators)
- Education and skills (three indicators)
- Health and disability (five indicators)
- Social connection (two indicators)
- Community characteristics (five indicators), and
- Personal safety (three indicators).

<sup>3</sup> F Azpitarte, *Social exclusion monitor bulletin November 2012*, Melbourne Institute of Applied Economic and Social Research and Brotherhood of St Laurence, Melbourne, 2012; R Scutella, R Wilkins and M Horn, *Measuring poverty and social exclusion in Australia: A proposed multidimensional framework for identifying socioeconomic disadvantage*, Working Paper No. 4/09, Melbourne Institute of Applied Economic and Social Research, 2009.



Social exclusion was measured using a sum score approach, with responses for each domain assumed to be of equal importance. For example, the material resources domain has five indicators, each worth 0.20. If an individual reported experiencing all five (low income, low net worth, low consumption, financial hardship and low financial wellbeing) they would receive a score of 1. If they only experienced low income, they would score 0.20 for that domain.

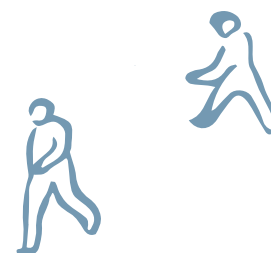
With seven life domains all accorded a value of 1, the highest score an individual can receive is 7 and the lowest score is 0. A score of 1 or more signifies some level of exclusion. If respondents receive a cumulative score of between 1 and 2, they are regarded as *marginally excluded*. A score of 2 or more signifies *deep exclusion*. And a score of 3 or more equates to *very deep exclusion*. The persistence of social exclusion is measured by the number of years that exclusion is experienced.

The 2013 Productivity Commission report provided analysis of these different approaches to measuring disadvantage for the 2010 calendar year and for the period between 2001 and 2009/2010. The update presented here contains selected findings from 24 years of longitudinal data collected by HILDA.<sup>4</sup> This update gives results for 2014, 2018 and 2022 for the deprivation measures, as well as social exclusion measures for each year from 2001 to 2024, with persistence being measured for three multi-year periods: 2001 – 2009, 2011 – 2019, and 2016 – 2024.

While statistical changes affect the precision of this update – see Box 6.1 – the substance of the conclusions, especially about which population groups are most likely to be socially excluded, are not materially affected.

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<sup>4</sup> R Wilkins, Unpublished data tables from HILDA Survey, Estimates are all produced by R Wilkins using General Release 24.0 (Waves 1-24 of the HILDA Survey). Stata Version 19 used to produce the estimates, 2026, The HILDA Survey is a household-based panel study that collects information about economic and personal wellbeing, labour market dynamics and family life. It aims to tell the stories of the same group of Australians over the course of their lives. The HILDA Survey follows the lives of more than 17,000 Australians each year since 2001. The HILDA Survey is funded by the Australian Government through the Department of Social Services. The Melbourne Institute of Applied Economic and Social Research (Melbourne Institute) is responsible for the design and management of the HILDA Survey. Some results in Productivity Commission, *Deep and Persistent Disadvantage, 2013* were based on data sources other than HILDA and are not replicated in this chapter.



### Box 6.1: Limitations of the Update

1. A number of the tables in the 2013 Productivity Commission report that are replicated and updated did not use HILDA Survey data. Differences in samples, variable definitions and other factors will cause differences in estimates.
2. Where the original tables and figures used HILDA data, replicability is not perfect because of changes to weights and data improvements (for example, in estimating income taxes in all waves) in subsequent releases of the HILDA data. Differences in construction of variables may also cause imperfect replication.
3. In respect of the social exclusion measures, replication and updating is complicated by not all indicators being available in all waves. In particular:
  - a. Wealth data is only available in Waves 2, 6, 10, 14, 18 and 22 (contributes to the material resources domain)
  - b. Consumption expenditure is only available from Wave 6 (contributes to the material resources domain)
  - c. Financial stress (hardship) is not available in Wave 10 (contributes to the material resources domain)
  - d. Neighbourhood quality is only available in Waves 1-4, 6, 8, 10, 12, 14, 16, 18, 20, 22 and 24 (contributes to the community domain)
  - e. Being a victim of violent crime and being a victim of property crime are not available in Wave 1 (contribute to personal safety domain).
4. Material deprivation has only been measured by HILDA in 2014, 2018 and 2022.
5. Population weights: These can change retrospectively in more recent data releases, thereby impacting replicated analyses. Note also that self-completion questionnaire weights were introduced for cross-sectional analysis in Release 14 and for longitudinal analysis in Release 19. In all analysis, the appropriate cross-sectional or longitudinal weight is used to ensure estimates are for the relevant population. Importantly, the social exclusion measures rely on data from the self-completion questionnaire, requiring use of self-completion questionnaire weights, which were not available at the time of release of the Productivity Commission report.



### 6.2.4 MEASURING WHAT MATTERS AND THE MULTIDIMENSIONAL POVERTY INDEX

It is worth noting that there are important similarities between the measurement of disadvantage used in this report and those used elsewhere, including (1) the Australian Government's Measuring What Matters Framework established in 2023, and (2) the demonstration Australian MPI developed by the Brotherhood of St Laurence and the Melbourne Institute. Aspects of these frameworks are summarised in Box 6.2.



## Box 6.2: The Measuring What Matters Framework

The Measuring What Matters<sup>5</sup> wellbeing framework was established by the Australian Government in 2023. It has five themes:

- **Healthy:** A society in which people feel well and are in good physical and mental health, can access services when they need, and have the information they require to take action to improve their health.
- **Secure:** A society where people live peacefully, feel safe, have financial security and access to housing.
- **Sustainable:** A society that sustainably uses natural and financial resources, protects and repairs the environment and builds resilience to combat challenges.
- **Cohesive:** A society that supports connections with family, friends and the community, values diversity, and promotes belonging and culture.
- **Prosperous:** A society that has a dynamic, strong economy, invests in people's skills and education, and provides broad opportunities for employment and well paid, secure jobs.

### INCLUSION, EQUITY, AND FAIRNESS ARE CROSS-CUTTING DIMENSIONS OF THE FRAMEWORK.

<sup>5</sup> Australian Bureau of Statistics, *About Measuring What Matters*, 2025 <https://www.abs.gov.au/statistics/measuring-what-matters/about-measuring-what-matters>.

The themes are supported by 12 dimensions that describe aspects of the wellbeing themes and 50 key indicators, to monitor and track progress, which will be updated over time.

The first dashboard, published by Treasury in 2023, defines the metrics for each of the key indicators. In 2024, responsibility for updating the data in the dashboard moved to the ABS. The 2025 update continues the reporting model established by Treasury.

### Monetary and Multidimensional Poverty in Australia

Cigdem-Bayan et al<sup>6</sup> examine two measures of poverty – monetary and multidimensional – and set out the conceptual basis and empirical findings of an illustrative model of these two approaches. It also explores the relationship between monetary and multidimensional poverty.

Monetary poverty is defined in relative terms as 'living in households with incomes less than 50% of median equivalised disposable household income (EDHI) both before and after housing costs'. This is extended by estimating a Wealth-Adjusted Income (WAI) measure which includes net imputed rent of owner-occupied dwellings and financial gains from non-housing sources such as superannuation and savings.

<sup>6</sup> M Cigdem-Bayram, C Nolan, I Rama & N Bieske 2025, *Monetary and Multidimensional Poverty in Australia: A Dual Measurement Approach*, Australian Economic Review, vol. 58, Issue S1; pp. S72-S85, First published: 20 August 2025, <https://doi.org/10.1111/1467-8462.70023>.

The MPI captures disadvantage in five areas, using two indicators for each area: health (poor physical health, poor mental health); employment (unemployment and underemployment); education (low attainment, not in employment, education or training); housing (difficulty heating home, late housing payments); and social capital (low social support, low community belonging).

Each of these five dimensions is weighted equally in constructing the MPI, and individuals are classified as multidimensionally poor if they are deprived in one third or more of the maximum possible dimensions. Those deprived in half or more of the dimensions are classified as acutely poor.

Cigdem-Bayan et al estimate that the incidence of multidimensional poverty in Australia increased between 2003 and 2013 from 7.4% to 8.8% and fell back to 7.7% in 2023, and acute multidimensional poverty first increased from 3.1% to 3.8% before falling to 3.1% of the population.

### THE INTENSITY OF THIS POVERTY ALSO INCREASED IN THE FIRST 10 YEARS BEFORE FALLING BACK TO AROUND ITS ORIGINAL LEVEL.

## The Measuring What Matters wellbeing framework has five themes:

1. Healthy
2. Secure
3. Sustainable
4. Cohesive
5. Prosperous

Source for box 6.2:

Australian Bureau of Statistics (2025), *About Measuring What Matters*, <https://www.abs.gov.au/statistics/measuring-what-matters/about-measuring-what-matters>

M Cigdem-Bayram, C Nolan, I Rama & N Bieske (2025), "Monetary and Multidimensional Poverty in Australia: A Dual Measurement Approach", *Australian Economic Review*, vol. 58, Issue S1; pp. S72-S85, First published: 20 August 2025, <https://doi.org/10.1111/1467-8462.70023>



## 6.3 CONTEXT: TRENDS IN SOCIAL AND ECONOMIC INDICATORS

### WHEN CONSIDERING TRENDS IN DISADVANTAGE OVER TIME, IT IS IMPORTANT TO LOOK AT HOW THE BROADER SOCIAL AND ECONOMIC CONTEXT HAS CHANGED.

The HILDA Survey began in 2001 when the population of Australia was 19.4 million; in 2010 the year used for much of the Productivity Commission analysis, it was 22.5 million; and at the end of 2023, the most recent HILDA year, it was just under 27 million.

Over that time the structure of the population has aged significantly. The proportion aged over 60 has increased from 16.8% in 2001, to 19% in 2010, and 22.8% in 2023.

This ageing has had a strong influence on population health, as the prevalence of disability and physical health conditions increase with age. For example, in the early 2000s around 30% of people aged 55 to 59 years had a disability, increasing to 39% for those aged 60 to 64, 50% of those aged 70 to 74, and 70% of those aged 80 to 84 years. These age-specific rates of disability have actually been declining, so that in 2022, the corresponding rates were 26.4% for those aged 50 to 59, 33% for those 60 to 64, 45% for those 70 to 74, and 68% for those aged 80 to 84 years.

But while population health has improved within each age range, the ageing of the population has meant that the overall share of Australians with a disability or a health condition has not fallen.

This is shown in Figure 6.1; for all age groups above the age of 25 years the proportion of people with disability was lower in 2022 than in 2003. The proportion reporting a disability, however, increases with age from under 20% at younger ages to over 50% for those 75 years and over. Despite the decrease in reported disability for each specific age group, the overall share of reported disability for the total population increased over this period.

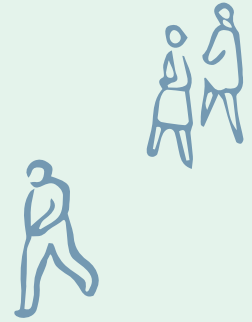
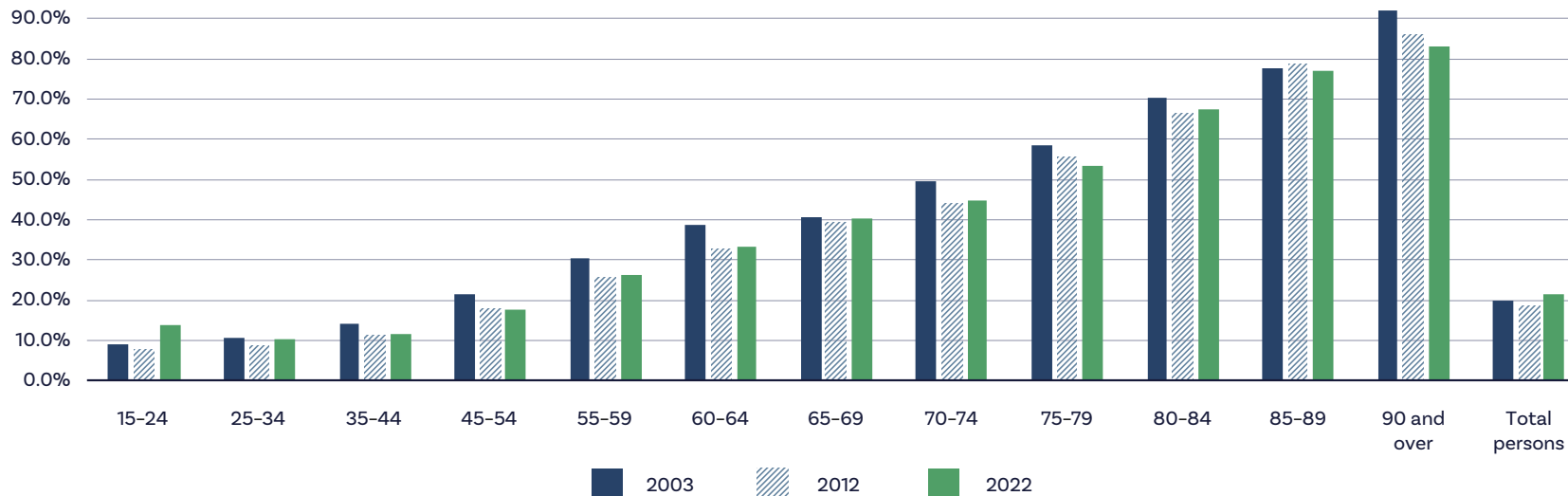


FIGURE 6.1: PERCENTAGE OF PERSONS WITH DISABILITY BY AGE, AUSTRALIA, 2003 TO 2022



Source for Figure 6.1: ABS, Disability, Ageing and Carers, Australia: Summary of Findings, 2022, Table 1.3.

Different years in this period of nearly a quarter of a century also reflect different points in the business cycle, with peaks in December 2005, March 2008, June 2018, December 2019, and June 2022.<sup>7</sup> The level of employment and unemployment has also changed as a result of ongoing changes in the structure of the labour market, with the Australian labour force changing significantly in size and activity over this period.

In 2001 the employment to population ratio was 66.7% for men and 51.8% for women. The employment rate for men has increased slightly – to 68.5% in 2010 and 68.4% in 2023; the employment rate for women, however, has grown much more significantly to 55.5% in 2010 and just over 60% in 2023. The overall employment to population ratio has increased from 60% in 2001 to 64.5% in 2023. Over the same period, the unemployment rate has fallen from 6.7% in 2001, to 5.0% in 2010, and 3.4% in 2023.

<sup>7</sup> Melbourne Institute, Melbourne Institute Phases of the Australian Business Cycle Released 25 September 2025, [https://melbourneinstitute.unimelb.edu.au/\\_data/assets/pdf\\_file/0005/5391941/Phases-2509.pdf](https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0005/5391941/Phases-2509.pdf).

OECD figures suggest that the extent of low pay – defined as those full-time employed and earning less than two-thirds of the median – increased more after 2010: for men the extent of low pay was 14.0% in 2001, 13.9% in 2010 and 16.9% in 2024; for women, it was 18.2% in 2001, 19.6% in 2010 and 22.1% in 2024; for persons, the corresponding figures were 15.5%, 16.0% and 19.0% (OECD, 2026).<sup>8</sup>

### THE CONCENTRATION OF LABOUR MARKET DISADVANTAGE HAS ALSO DECREASED SIGNIFICANTLY.

In 2001, 17.5% of families with children less than 15 years were jobless – having no adult in paid employment – comprising 7.5% of couples with children and 53.6% of lone parent families. By 2010, this had fallen to 13.2% of all families with children less than 15 years, comprising 5.2% of couple families and 44.9% of lone parents. Since 2021, family joblessness has been at the lowest level since records began in the 1970s, with 9.4% of families with children less than 15 years being without paid employment, comprising 3.9% of couples and 31.5% of lone parent families.<sup>9</sup>

<sup>8</sup> OECD, The incidence of low and high pay, <https://www.oecd.org/en/data/indicators/incidence-of-low-and-high-pay.html>; For longer-term trends, see Borland, J & M Coelli, 'Labour market inequality in Australia', Economic Record, 92, 2016, 517-47.

<sup>9</sup> Australian Bureau of Statistics, Labour Force Status of Families, June 2025, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-status-families/latest-release>.

### SOCIAL POLICY CHANGES HAVE ALSO AFFECTED AND INTERACTED WITH THESE LABOUR MARKET AND DEMOGRAPHIC CHANGES.

The proportion of Australia's population aged 15–64 receiving income support payments reached record lows in 2023 and 2024.<sup>10</sup> Overall, the proportion of the working-age population receiving income support payments fell from 21.5% in 2001 to 12.2% in 2023 and increased slightly to 12.5% in 2024.

This decline was driven by the combination of (1) the strong labour market performance outlined above, and (2) a wide range of policy changes that restricted access to some payments and redirected those seeking assistance from more generous to less generous forms of assistance. The combined effect of these changes is that fewer people have been able to access income support, with those on payments being more disadvantaged and more likely to be longer-term recipients.<sup>11</sup>

<sup>10</sup> Parliamentary Library, Trends in working-age welfare recipients, Social Policy Section, Policy Brief 2025-26, Canberra, 2025, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_departments/Parliamentary\\_Library/Research/Policy\\_Briefs/2025-26/Working-ageincomesupportrecipients](https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Research/Policy_Briefs/2025-26/Working-ageincomesupportrecipients).  
<sup>11</sup> B Bradbury and P Whiteford, 2025, Measuring coverage of income support payments among the unemployed in Australia: puzzles and gaps, Working Paper No. 4, Inequality, Prosperity and the Australian Welfare State, Australian Research Council, Discovery Project DP220103811, <https://inequality-discover.anu.edu.au/content-centre/research/working-papers>.

The overall employment to population ratio has increased from

**60% IN 2001 TO 64.5% IN 2023.**

Over the same period, the unemployment rate has fallen from

**6.7% IN 2001 TO 3.4% IN 2023.**



**IT IS IMPORTANT TO NOTE, HOWEVER, THAT THE MIX OF FAVOURABLE OUTCOMES DISCUSSED ABOVE DOES NOT EXTEND TO ALL ECONOMIC RESULTS.**

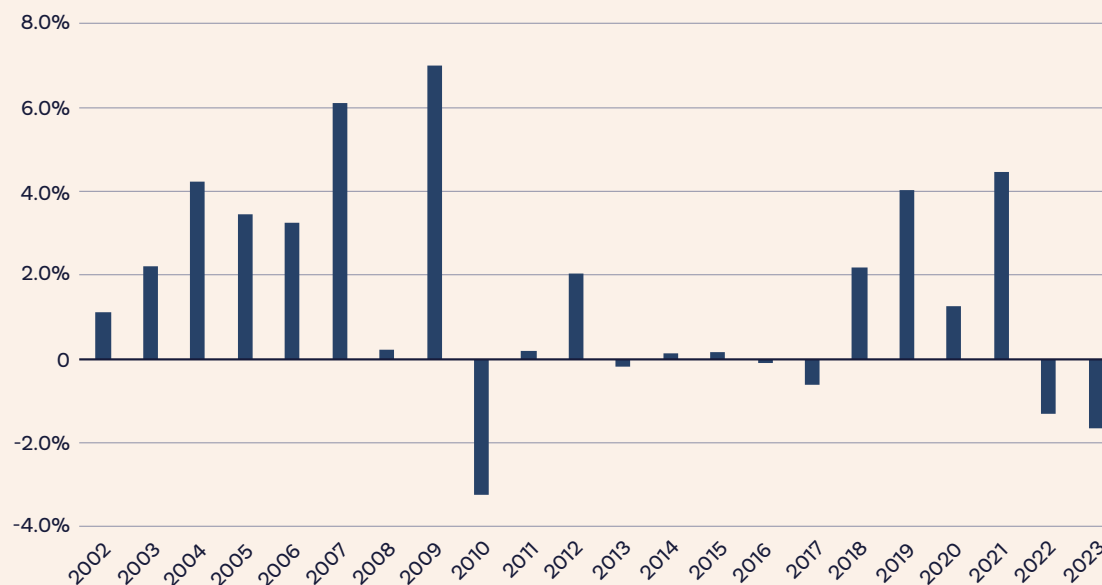
Figure 6.2 shows trends in real median incomes in the HILDA Survey between the early 2000s and 2023. These are shown as the real percentage change over the previous year – so for example between 2001 and 2002 real median EDHI rose by 1.1%, and between 2006 and 2007 by 6.1%.

This also means that a poverty line set at 50% of median EDHI also increased by 1.1% and then by 6.1% between those years. Changes in poverty rates will reflect what has happened to the size and composition of the population below half the median.

The period up to 2007 generally shows large increases in real median incomes; cumulatively between 2001 and 2007 real median household incomes rose by 22%, one of the largest increases in the OECD.<sup>12</sup> The Global Financial Crisis (GFC) of 2007–2009 saw this growth falter, although stimulus spending temporarily caused high growth in 2009.

<sup>12</sup> P Whiteford, in B Nolan (Ed), "Inequality and Inclusive Growth: Assessing the Australian experience", Inequality and Inclusive Growth in Rich Countries: Shared Challenges and Contrasting Fortunes, Oxford University Press, 2018.

**FIGURE 6.2: PERCENTAGE CHANGE IN REAL MEDIAN EQUIVALISED HOUSEHOLD INCOME, AUSTRALIA, 2001 TO 2023 (% CHANGE ON PREVIOUS YEAR)**



The period since then shows much more mixed trends, with growth between 2012 and 2017 being particularly low. Later trends are complicated by the impact of COVID in 2020, although since 2021 real median household incomes have again fallen. Overall, between 2001 and 2010 when the Productivity Commission results are relevant, real median household incomes rose by 3% per year on average; in the subsequent period up to 2023 the rate of real increase has been not much more than one-quarter of the earlier period at 0.8% per year on average.

ACOSS/UNSW analysis similarly shows that poverty in Australia declined in the early 2000s, rose during the period of economic growth before the Global Financial Crisis of 2007–2009, declined around 2009, and then stabilised during the decade prior to the pandemic in 2020. After a spike during the initial stages of the pandemic, poverty reduced in response to additional Government crisis payments before increasing from 2020 to 2023.<sup>13</sup>

<sup>13</sup> P Davidson & B Bradbury, Poverty in Australia, 2025. ACOSS/ UNSW, DOI: <https://doi.org/10.5281/zenodo.17308937>.

Source for Figure 6.2: Calculated from Table 3.2, HILDA Statistical Report, 2025. [https://melbourneinstitute.unimelb.edu.au/\\_data/assets/pdf\\_file/0010/5387806/2025-HILDA-Statistical-Report.pdf](https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0010/5387806/2025-HILDA-Statistical-Report.pdf)

Trends in income inequality show less variation over this period, with the Gini coefficient increasing slightly from 0.301 in 2001 to 0.307 in 2023.<sup>14</sup> There were some spikes in inequality at different times in this period, increasing from 0.297 to 0.309 between 2006 and 2007 (when income growth was at its strongest), and particularly between 2021 and 2022 – from 0.298 to 0.323, although declining subsequently. The increase in inequality between 2021 and 2022 appears to be mainly associated with a more substantial fall in the incomes of the poorest compared to the median or to the richest 10% (whose real incomes slightly increased).<sup>15</sup>

## 6.4 DEPRIVATION

The discussion that follows presents a descriptive updating of the results relating to material deprivation found by the Productivity Commission.

Table 6.1 shows the overall prevalence of each of the 22/23 indicators of material deprivation in 2014, 2018, and 2023. The most widely experienced deprivation in 2023 was lacking home contents insurance (7.7%), followed by lacking \$500 in savings for an emergency (7.4%), not having comprehensive motor vehicle insurance (4.3%), and not being able to afford dental treatment when needed (4.1%).

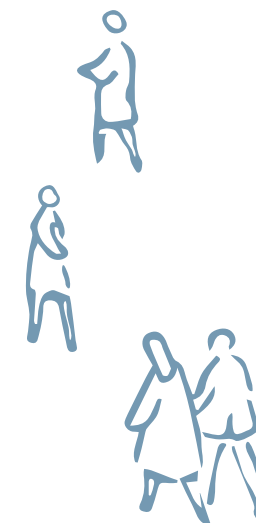
<sup>14</sup> It should be noted that the ABS surveys give results that differ from the HILDA survey but are currently available only up to 2019-20.

<sup>15</sup> Real incomes fell by 1.3% at the median, increased by 1.4% at the 90th percentile, but fell by 6.3% at the 10th percentile. Calculated from Table 3.2, page 49, Laß et al., 2025.

**TABLE 6.1: PREVALENCE RATES OF MATERIAL DEPRIVATION INDICATORS IN HILDA**

	PREVALENCE AMONG ALL PERSONS (%)		
	2014	2018	2022
Getting together with friends or relatives for a drink or meal at least once a month	2.5	3.1	2.5
Medical treatment when needed	1.1	1.1	1.0
Furniture in reasonable condition	0.4	0.7	0.4
A decent and secure home	0.3	0.4	0.3
Medicines when prescribed by a doctor	0.5	0.6	0.3
Warm clothes and bedding, if it's cold	0.1	0.1	0.1
A substantial meal at least once a day	0.1	0.2	0.2
A roof and gutters that do not leak	2.3	1.5	1.7
A telephone (landline or mobile)	0.1	0.1	0.3
Home contents insurance	8.3	8.2	7.7
A washing machine	0.3	0.2	0.2
Access to the internet at home	Not essential	1.1	0.6
A motor vehicle	1.9	1.4	1.4
Comprehensive motor vehicle insurance	4.4	4.7	4.3
At least \$500 in savings for an emergency	12.2	11.4	7.4
A home with doors and windows that are secure	0.7	0.5	0.5
Dental treatment when needed	5.2	5.4	4.1
When it is cold, able to keep at least one room of the house adequately warm	0.6	0.6	0.7
A separate bed for each child	0.3	0.4	0.2
A yearly dental check-up for each child	3.2	2.9	1.1
A hobby or a regular leisure activity for children	3.6	3.7	2.3
New school clothes for school-age children every year	2.2	1.6	0.9
Children being able to participate in school trips and school events that cost money	2.0	1.3	0.5

Source for Table 6.1: R Wilkins, 2026, HILDA General Release 24 (Waves 1 – 24).



For most of these deprivation indicators, prevalence was stable or declining over this period. For lacking \$500 in savings for an emergency, the large decline is likely because the \$500 is not adjusted for inflation (and would be worth around \$620 in 2022). The decline from 3.2% to 1.1% in people being able to afford an annual dental check-up for each child is likely to be affected by the introduction of free dental check-ups for eligible children aged under 18 years in January 2014 through the Child Dental Benefits Schedule.<sup>16</sup>

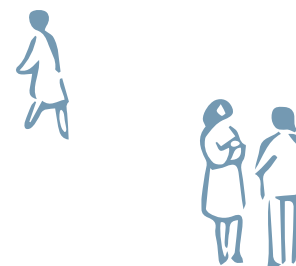
Table 6.2 compares the extent of deprivation for all persons aged 18 and over to that for people receiving income support payments – based on the 10 items that were most likely to be considered essential.

**NOT SURPRISINGLY, RATES OF DEPRIVATION FOR PEOPLE RECEIVING INCOME SUPPORT ARE HIGHER THAN FOR THE POPULATION GENERALLY, ALTHOUGH SOME OF THE DIFFERENCES ARE NOT LARGE.**

**THE DIFFERENCES ARE GENERALLY LARGEST BETWEEN FAMILIES WITH CHILDREN.**

For example, in 2022, 7.2% of people with children receiving income support could not afford a hobby or leisure activity for their children – more than three times higher than for the overall population with children. While lower in prevalence, the share of people with children receiving income support unable to afford a yearly dental check-up for their children was also nearly three times higher (3% compared to 1.2%). Lack of dental treatment for adults was also much higher for people receiving income support (7.3% compared to 3.9%).

The ten items listed in Table 6.2 are used to estimate the extent of multiple deprivation for all persons 18 and over and for all people receiving income support, as shown in Table 6.3. In 2014, 80% of the population experienced no deprivations at all, and by 2022 this had increased to 84%. The trend is for the experience of multiple deprivation to become less common, although 4-5% of the general population experienced three or more deprivations in these years.



**7.2%**

of people with children receiving income support could not afford a hobby or leisure activity for their children in 2022.

**THIS IS MORE THAN 3 TIMES**

higher than for the overall population with children.

<sup>16</sup> Department of Health, Disability and Ageing, Child Dental Benefits Schedule, 2025. Child Dental Benefits Schedule | Australian Government Department of Health, Disability and Ageing.

**TABLE 6.2: EXTENT OF DEPRIVATION, PERSONS AGED 18 AND OVER, 2014, 2018 AND 2022**

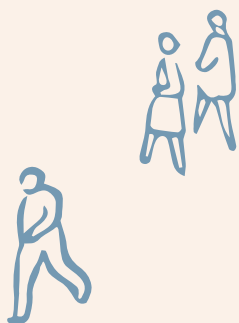
		PERSONS AGED 18 AND OVER	PEOPLE RECEIVING INCOME SUPPORT
		%	%
<b>2014</b>	Medical treatment when needed	1.0	1.5
	Warm clothes and bedding, if it is cold	0.1	0.2
	A substantial meal at least once a day	0.1	0.3
	Medicines when prescribed by a doctor	0.5	0.7
	Dental treatment when needed	4.9	7.7
	A decent and secure home	0.3	0.6
	Children being able to participate in school activities or outings	1.6	3.6
	A yearly dental check-up for each child	3.0	6.7
	A hobby or regular leisure activity for children	3.3	9.3
	A roof and gutters that do not leak	2.1	3.2
<b>2018</b>	Medical treatment when needed	1.1	2.2
	Warm clothes and bedding, if it is cold	0.1	0.1
	A substantial meal at least once a day	0.2	0.3
	Medicines when prescribed by a doctor	0.5	0.8
	Dental treatment when needed	5.0	8.3
	A decent and secure home	0.4	0.9
	Children being able to participate in school activities or outings	1.3	4.2
	A yearly dental check-up for each child	3.2	6.2
	A hobby or regular leisure activity for children	3.7	12.8
	A roof and gutters that do not leak	1.5	2.4
<b>2022</b>	Medical treatment when needed	0.9	2.1
	Warm clothes and bedding, if it is cold	0.1	0.3
	A substantial meal at least once a day	0.2	0.5
	Medicines when prescribed by a doctor	0.3	0.5
	Dental treatment when needed	3.9	7.3
	A decent and secure home	0.3	0.7
	Children being able to participate in school activities or outings	0.5	2.1
	A yearly dental check-up for each child	1.2	3.0
	A hobby or regular leisure activity for children	2.0	7.2
	A roof and gutters that do not leak	1.6	2.5

Source for Table 6.2:  
R Wilkins, 2026, HILDA  
General Release 24  
(Waves 1 - 24).



**FOR PEOPLE RECEIVING INCOME SUPPORT, MULTIPLE DEPRIVATIONS ARE MUCH MORE COMMON, WITH AROUND 30% OF PEOPLE RECEIVING INCOME SUPPORT EXPERIENCING DEPRIVATION IN EACH OF THESE YEARS AND MORE THAN 10% EXPERIENCING THREE OR MORE DEPRIVATIONS IN EACH YEAR.**

ACOSS/UNSW analysis of deprivation highlights the compounding impact of low wealth on deprivation levels for low-income households, especially those relying on income support payments.<sup>17</sup>



**TABLE 6.3: EXTENT OF MULTIPLE DEPRIVATION, ALL PERSONS 18 AND OVER AND PEOPLE RECEIVING INCOME SUPPORT, 2014, 2018 AND 2022 (NUMBER OF ITEMS LACKING BECAUSE THEY COULD NOT BE AFFORDED)**

		2014 (%)	2018 (%)	2022 (%)
<b>ALL PERSONS AGED 18 AND OVER</b>	<b>None</b>	80.0	81.0	84.0
	<b>1+</b>	20.0	19.0	16.0
	<b>2+</b>	10.2	10.0	7.5
	<b>3+</b>	5.6	5.7	4.2
	<b>4+</b>	2.8	2.9	2.1
	<b>5+</b>	1.5	1.7	1.0
	<b>6+</b>	0.6	0.9	0.5
	<b>7+</b>	0.3	0.4	0.2
	<b>8+</b>	0.2	0.2	0.1
	<b>9+</b>	0.1	0.1	0.1
<b>PEOPLE RECEIVING INCOME SUPPORT PAYMENTS</b>	<b>None</b>	68.5	66.2	70.4
	<b>1+</b>	31.5	33.8	29.6
	<b>2+</b>	19.6	21.5	16.9
	<b>3+</b>	11.6	13.5	10.7
	<b>4+</b>	6.0	6.5	5.4
	<b>5+</b>	3.2	3.5	2.6
	<b>6+</b>	1.5	1.9	1.4
	<b>7+</b>	0.6	0.9	0.6
	<b>8+</b>	0.5	0.5	0.3
	<b>9+</b>	0.4	0.3	0.2
	<b>10+</b>	0.2	0.1	0.1

Note: Based on the items considered essential by a majority of the population in the relevant year. 22 items were considered essential by a majority in 2014 and 23 items were considered essential by a majority in 2018 and 2022 (with the additional item being internet access at home).

Source for Table 6.3: R Wilkins, 2026.

<sup>17</sup> Y Naidoo, M Wong, C Smyth, & P Davidson, *Material deprivation in Australia: the essentials of life*, Sydney, Australian Council of Social Service (ACOSS) and UNSW Sydney, 2024.

## 6.5 SOCIAL EXCLUSION

**“MY HEART HURTS KNOWING MY CHILDREN DESERVE THE SAME OPPORTUNITIES AND CHANCES IN LIFE AS EVERYONE ELSE, BUT THEY’VE HAD TO HEAR MY ‘NO’ MORE THAN MY ‘YES’. SURE, MY CHILDREN ARE SO GRATEFUL AND RESOURCEFUL BECAUSE OF OUR POSITION IN LIFE, BUT I DO WORRY IF THE MISSED OPPORTUNITIES AND CONNECTIONS WILL CREATE A BIGGER DIVIDE AS THEY ENTER ADULTHOOD.”**

Amanda, Carer Payment, Family Tax Benefit and Commonwealth Rent Assistance recipient

**“YEAH, THERE DEFINITELY IS THE ELEMENT OF SOCIAL ISOLATION WHEN YOU CAN’T BE “NORMAL” AND GO DO FUN THINGS WITH YOUR FRIENDS BECAUSE OF COSTS ASSOCIATED. THERE’S A DEEPER SOCIETAL ISSUE OF THE LACK OF THIRD SPACES IN THE COMMUNITY WHERE PEOPLE CAN JUST BE PRESENT WITHOUT SPENDING MONEY, LIKE LIBRARIES, COMMUNITY CENTRES. WHILST OBVIOUSLY WE SHOULDN’T EXPECT TO BE ABLE TO SPEND FRIVOLOUSLY, IT DEFINITELY HAS A TOLL ON YOUR MENTAL AND PHYSICAL HEALTH WHEN YOU CAN’T DO THINGS FOR SELF-CARE AND TO MAKE YOURSELF FEEL BETTER.”**

Megan, Youth Allowance recipient

Table 6.4 is in two parts, showing trends in the prevalence of social exclusion for each year between 2001 and 2024.

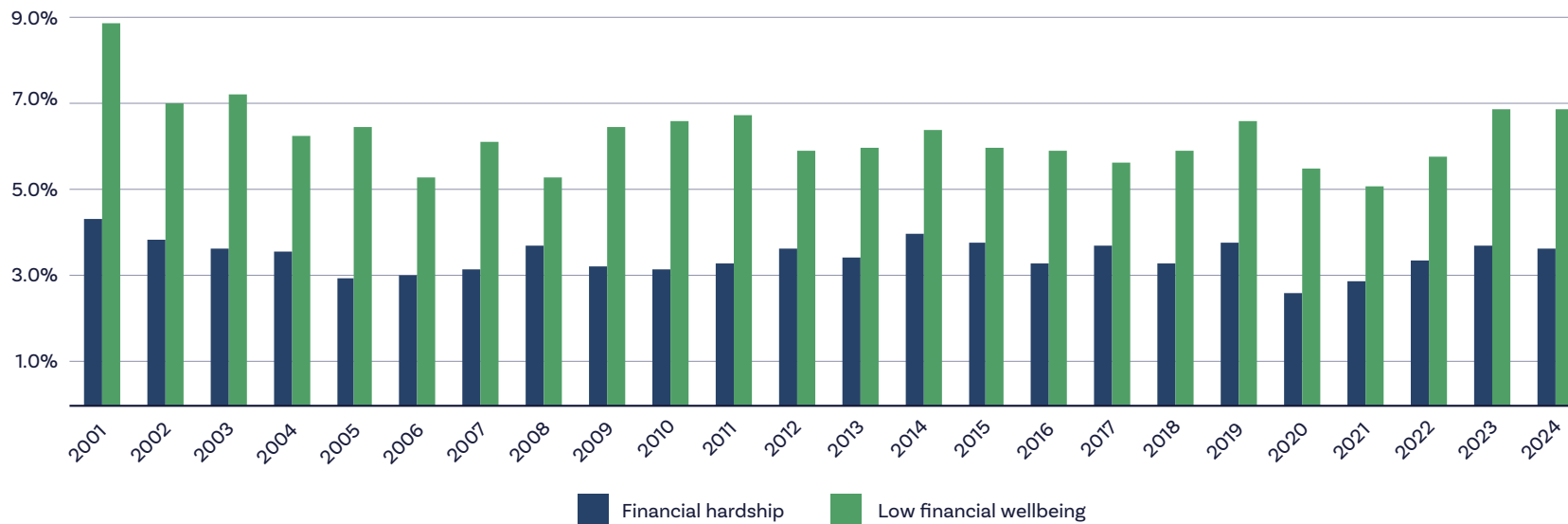
Looking first at the Material Resources domain, the share of the population with incomes less than 60% of the median declined slightly over time, from 20.4% in 2001 to a low of 17.4% in 2016, then increased again to 20% in 2024. The share with net worth less than 60% of the median was fairly stable over time, ranging between 31% and 35%.

The share with low consumption has also been broadly stable over this period, mostly being between 17% and 18%. The share of all people experiencing financial hardship has also been broadly stable around 3% to 4%. The share with low financial wellbeing has fluctuated somewhat more, between 5% and 9%, being lowest in 2021. These trends in financial hardship and low financial wellbeing are shown in Figure 6.3.



**FIGURE 6.3: TRENDS IN EXTENT OF FINANCIAL HARDSHIP AND LOW FINANCIAL WELLBEING, AUSTRALIA, 2001 TO 2024**

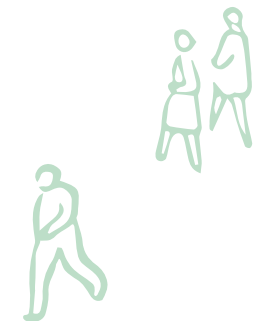
Source for Figure 6.3:  
Calculated from Table 6.4.



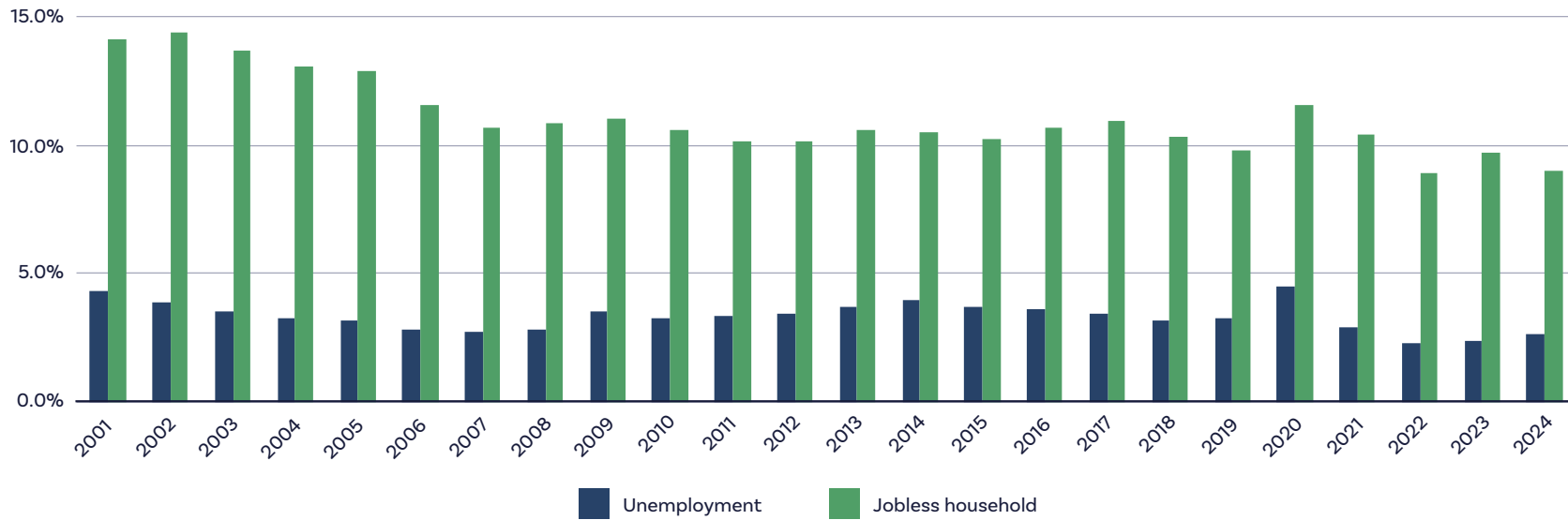
The Employment Domain shows mixed trends. Underemployment varied between 12% at the start of the survey to 8.5% in 2008 and again in 2022. Unemployment (as a percentage of the population, not the labour force) fell from 2001, rose significantly during COVID, and has since fallen back to lower levels.

Long-term unemployment has fallen more significantly from just over 1% in 2001 to only 0.3% in 2024. Marginal attachment has also fluctuated, falling from over 18% in 2001 to around 14% just before the GFC, and then back to similarly low levels since 2022. The share of jobless households has fallen quite significantly from around 14% to around 9% at the end of the period. Figure 6.4 shows trends in individual unemployment and in household joblessness.

**THE PROPORTION OF HOUSEHOLDS WHERE NO ONE IS IN PAID WORK IS MUCH HIGHER THAN INDIVIDUAL UNEMPLOYMENT, PRIMARILY BECAUSE AN IMPORTANT SOURCE OF JOBLESSNESS IS DUE TO NOT BEING IN THE LABOUR FORCE, BUT IT ALSO REFLECTS THE CONCENTRATION OF THIS FORM OF DISADVANTAGE.**



**FIGURE 6.4: TRENDS IN INDIVIDUAL UNEMPLOYMENT AND HOUSEHOLD JOBLESSNESS, AUSTRALIA, 2001 TO 2024**



Source for Figure 6.4:  
Calculated from Table 6.4.

The Education Domain shows more significant changes than other areas. Low education<sup>18</sup> has nearly halved from around 40% to closer to 20%. Poor English has also fallen but is much lower generally being between 2% and 4%, apart from in 2022 and 2023. Low work experience<sup>19</sup> has generally fluctuated between 11% and 13%.

<sup>18</sup> Low formal educational qualifications is a situation in which an individual is not currently studying full-time and has a highest educational qualification of less than high school completion. Vocational qualifications at the levels of Certificate 1 and Certificate 2 are treated as lower-level qualifications than high school completion.

<sup>19</sup> A person is defined to have low work experience if he or she has spent fewer than three years in paid employment.



### UNDEREMPLOYMENT

has varied between 12% at the start of the survey to 8.5% in 2008 and again in 2022.

### JOBLESS HOUSEHOLDS

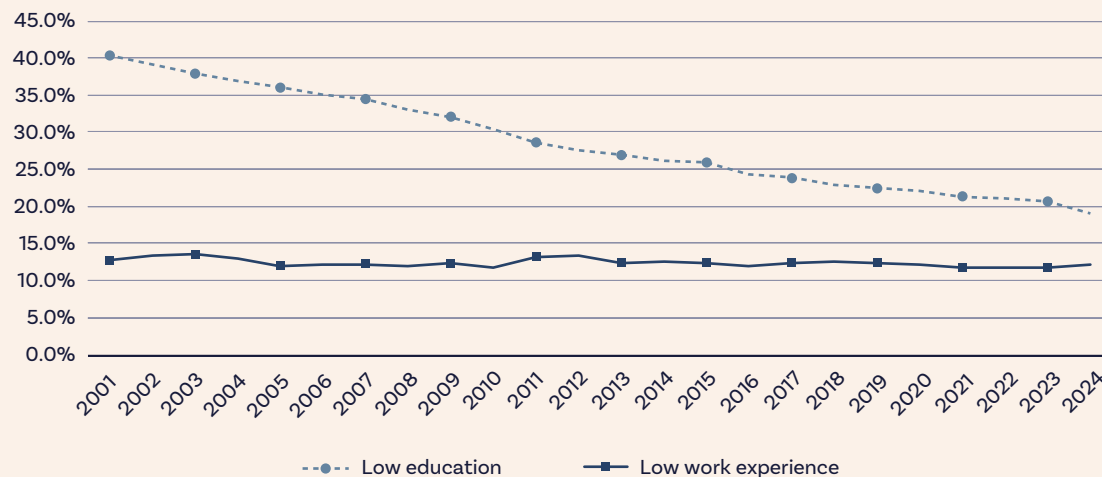
have fallen from around 14% to around 9% at the end of the period.

Trends in low education and low work experience are shown in Figure 6.5, with the large decline in those with low levels of education being particularly marked. It is also important to note that low levels of educational attainment are quite strongly related to deep and persistent disadvantage, so this improvement in educational attainment has positive impacts in reducing disadvantage.

In the Health Domain, poor general health ranges between 17% and 20% but started to exceed 20% in 2018 and 2019 and has been 21-22% since 2021. Poor physical health also does not show any strong trend, fluctuating around 11% over this 24-year period. Poor mental health does appear to have increased, sitting at 9.3% in 2011 and above 14% since 2020. The share of survey respondents with a long-term health condition increased from 23.9% in 2001 to 29% or higher since 2020. The share of children with a disability fell from close to 4% in the first four years of the survey to around 3% since 2019.

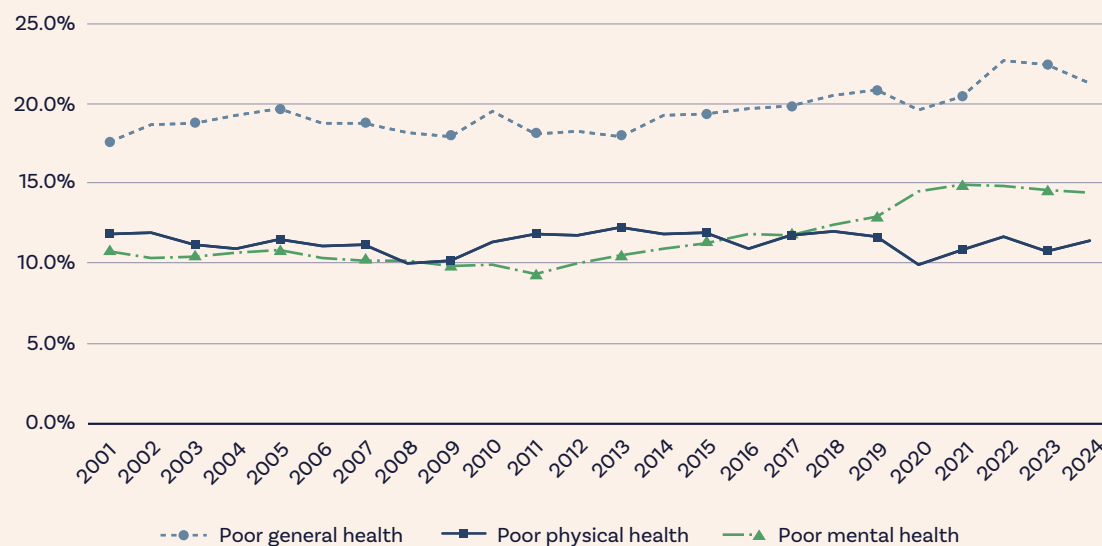
These trends are shown in Figure 6.6. The most notable feature of these trends is the increase in poor mental health, which has increased since 2011.

**FIGURE 6.5: TRENDS IN LOW EDUCATION AND LOW WORK EXPERIENCE, AUSTRALIA, 2001 TO 2024**



Source for Figure 6.5:  
Calculated from Table 6.4.

**FIGURE 6.6: TRENDS IN POOR HEALTH, AUSTRALIA, 2001 TO 2024**



Source for Figure 6.6:  
Calculated from Table 6.4.

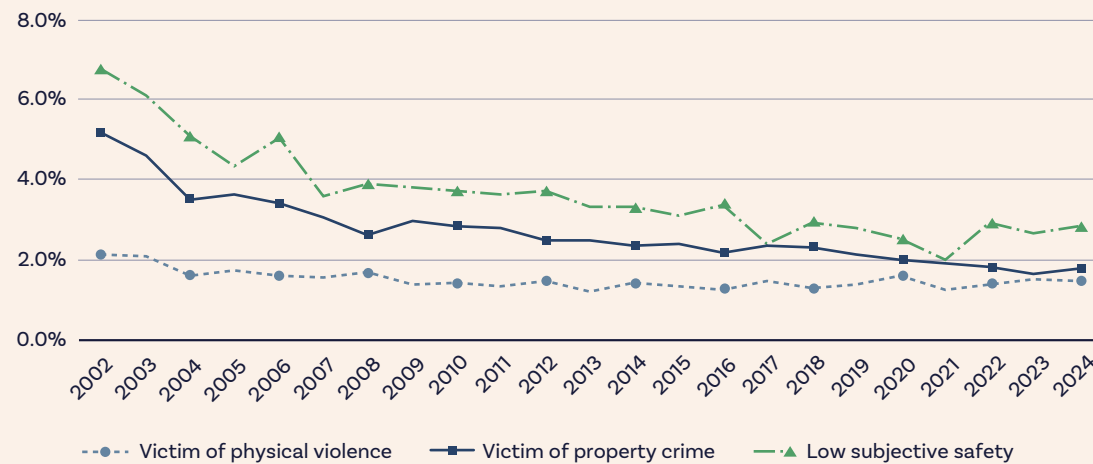
### POOR MENTAL HEALTH

has increased from 9.3% in 2011 and above 14% since 2020.

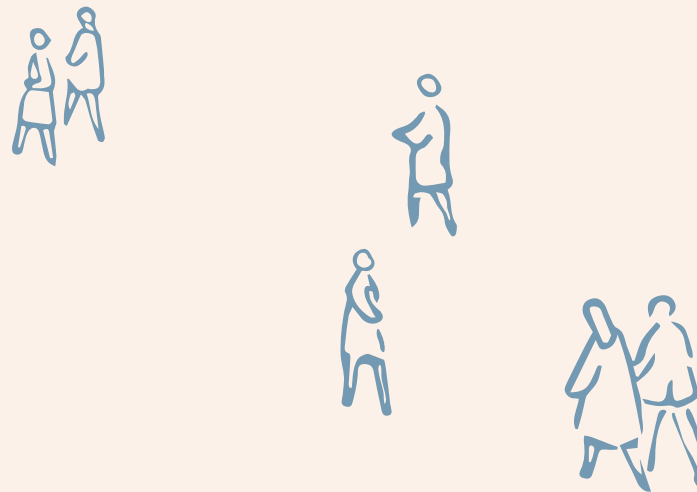
The Social Domain indicators suggest an increase in the share of those with low social support from around 1.3% in the early 2000s to 2% currently, with the share of those with low social activity also increasing from around 10% to 16% since 2020. In the Community Domain, poor neighbourhood quality shows no overall tendency, while the share of those who do not feel part of their community fluctuates over time and may have increased. Low satisfaction with your neighbourhood appears to have fallen from around 5% to closer to 3%, while the share of those not actively participating in some form of community group has fluctuated around the 20% level for the whole period. Low civic participation has also been broadly around the 21-24% level, with the exception of the COVID period.

The Personal Safety Domain tends to show strong improvements over this period, with the share experiencing personal violence falling from 2% to 1.4%, those being a victim of property crime falling from close to 7% to under 3% since 2017, and those feeling low subjective safety also falling from 6.5% to under 2% since 2021 (see Figure 6.7).

**FIGURE 6.7: TRENDS IN PERSONAL SAFETY, AUSTRALIA, 2002 TO 2024**



Source for Figure 6.7:  
Calculated from Table 6.4.



Those experiencing personal violence has fallen from 2% to 1.4% over the period.

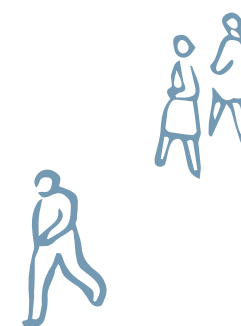
Those feeling low subjective safety has fallen from 6.5% to under 2% since 2021.

**TABLE 6.4.I: PREVALENCE (%) OF SOCIAL EXCLUSION, PART I, 2001 TO 2013**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>MATERIAL RESOURCES DOMAIN</b>													
Less than 60% of median income	20.4	19.7	20.3	20.2	18.9	18.5	18.7	17.6	17.7	18.2	18.4	17.8	17.5
Net worth less than 60% of median	-	33.4	-	-	-	31.9	-	-	-	33.3	-	-	-
Less than 60% of median consumption	-	-	-	-	-	17.9	17.9	17.6	18.5	18.3	17.1	17.6	17.6
Financial hardship	4.3	3.8	3.7	3.6	3.0	3.0	3.2	3.7	3.2	3.2	3.3	3.7	3.5
Low financial wellbeing	8.8	7.0	7.2	6.2	6.5	5.3	6.2	5.3	6.5	6.6	6.7	5.9	6.0
<b>EMPLOYMENT DOMAIN</b>													
Underemployment	10.5	10.5	10.7	9.4	9.3	9.1	9.1	8.5	9.8	9.4	10.2	10.3	10.8
Long-term unemployment	1.1	0.7	0.7	0.4	0.5	0.4	0.4	0.4	0.6	0.5	0.4	0.4	0.5
Unemployment	4.3	3.9	3.5	3.2	3.2	2.9	2.8	2.9	3.6	3.3	3.3	3.5	3.7
Marginally attached	18.3	17.6	17.9	16.2	15.6	15.4	14.3	14.0	16.0	15.5	17.0	17.4	18.4
Jobless household	14.2	14.4	13.7	13.1	12.9	11.5	10.7	10.9	11.1	10.6	10.1	10.1	10.6
<b>EDUCATION AND SKILLS DOMAIN</b>													
Low education	40.4	39.1	37.9	36.8	36.0	35.2	34.4	33.1	32.0	30.5	28.5	27.5	27.0
Poor English	0.0	2.7	2.7	2.4	2.2	1.8	2.2	1.7	2.6	2.2	2.6	2.9	2.6
Low work experience	12.7	13.3	13.6	12.9	12.0	12.0	12.2	11.9	12.3	11.6	13.1	13.4	12.4
<b>HEALTH AND DISABILITY DOMAIN</b>													
Poor general health	17.6	18.6	18.7	19.3	19.7	18.8	18.7	18.2	17.9	19.5	18.1	18.2	17.9
Poor physical health	11.8	11.9	11.1	10.9	11.5	11.0	11.2	9.9	10.1	11.3	11.8	11.7	12.2
Poor mental health	10.7	10.3	10.4	10.6	10.8	10.2	10.1	10.1	9.8	9.9	9.3	9.9	10.4
Long-term health condition	23.9	22.1	27.8	26.2	28.6	27.8	27.2	26.3	28.3	27.6	26.1	26.4	29.3
Child with disability	3.9	3.7	3.9	4.1	3.6	3.5	3.3	2.7	2.6	3.0	3.3	3.1	3.2
<b>SOCIAL DOMAIN</b>													
Low social support	1.3	1.3	1.3	1.6	1.5	1.1	1.5	1.5	1.3	1.2	1.6	1.5	1.6
Low social activity	10.2	10.2	10.6	10.7	11.9	11.8	10.5	12.1	9.4	11.4	12.7	12.5	10.9
<b>COMMUNITY DOMAIN</b>													
Poor neighbourhood quality	1.7	1.7	1.7	1.6	-	1.7	-	1.5	-	1.5	-	1.7	-

Note: Not available in that wave.

Source for Table 6.4.1: R Wilkins (2026), HILDA General Release 24 (Waves 1 – 24).



**TABLE 6.4.1: PREVALENCE (%) OF SOCIAL EXCLUSION, PART I, 2001 TO 2013 (CONTINUED)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Do not feel part of community	16.3	15.8	14.4	13.2	13.5	12.3	12.9	13.2	13.6	12.1	11.8	13.7	14.1
Low satisfaction with neighbourhood	5.3	4.7	4.5	4.6	4.0	4.1	3.8	4.5	4.4	4.1	4.6	4.8	4.5
Not an active member of sporting/hobby/ community group	21.1	22.6	22.3	21.4	20.0	18.7	19.6	17.4	19.3	18.8	18.4	20.4	19.5
Low civic participation	24.3	27.3	26.1	25.7	24.1	22.3	22.9	21.8	22.5	22.3	22.1	23.3	23.0
<b>PERSONAL SAFETY DOMAIN</b>													
Victim of physical violence	.	2.1	2.1	1.5	1.7	1.6	1.5	1.6	1.3	1.4	1.3	1.5	1.2
Victim of property crime	.	6.8	6.1	5.1	4.3	5.1	3.6	3.9	3.8	3.7	3.6	3.7	3.3
Low subjective safety	6.5	5.2	4.6	3.5	3.6	3.4	3.1	2.6	2.9	2.8	2.8	2.5	2.5

**TABLE 6.4.2: PREVALENCE (%) OF SOCIAL EXCLUSION, PART 2, 2014 TO 2024**

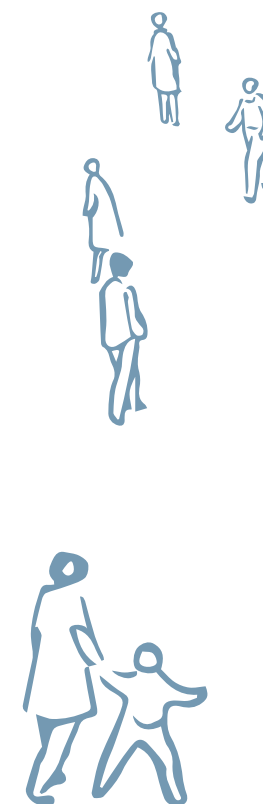
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>MATERIAL RESOURCES DOMAIN</b>											
Less than 60% of median income	17.6	17.7	17.4	18.5	17.9	19.0	17.7	19.0	20.5	19.6	20.0
Net worth less than 60% of median	34.8	-	-	-	35.0	-	-	-	33.4	-	-
Less than 60% of median consumption	17.5	19.2	17.8	17.5	17.7	18.0	16.6	16.7	18.6	17.2	17.1
Financial hardship	4.0	3.8	3.3	3.7	3.3	3.8	2.6	2.9	3.4	3.7	3.6
Low financial wellbeing	6.4	6.0	5.9	5.7	5.9	6.6	5.5	5.1	5.8	6.9	6.9
<b>EMPLOYMENT DOMAIN</b>											
Underemployment	12.0	11.8	10.9	10.8	10.8	10.3	12.2	9.2	8.5	8.3	9.4
Long-term unemployment	0.6	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.4	0.4	0.3
Unemployment	3.9	3.7	3.6	3.5	3.2	3.3	4.5	3.0	2.3	2.4	2.7
Marginally attached	19.3	18.9	17.6	16.8	16.9	17.0	18.7	15.1	14.2	13.8	14.3
Jobless household	10.5	10.2	10.6	11.0	10.4	9.8	11.5	10.4	8.9	9.7	9.0

Note: Not available in that wave.

Source for Table 6.4.2: R Wilkins (2026), HILDA General Release 24 (Waves 1 – 24).

**TABLE 6.4.2: PREVALENCE (%) OF SOCIAL EXCLUSION, PART 2, 2014 TO 2024 (CONTINUED)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>EDUCATION AND SKILLS DOMAIN</b>											
Low education	26.1	25.9	24.3	23.8	22.9	22.4	22.0	21.3	21.0	20.7	19.1
Poor English	2.4	2.3	2.7	2.2	1.9	1.9	2.0	1.9	1.4	1.3	2.2
Low work experience	12.6	12.3	11.9	12.3	12.5	12.4	12.2	11.8	11.7	11.8	12.1
<b>HEALTH AND DISABILITY DOMAIN</b>											
Poor general health	19.2	19.4	19.6	19.9	20.5	20.8	19.6	20.5	22.7	22.5	21.3
Poor physical health	11.8	11.9	10.9	11.7	12.0	11.7	9.9	10.8	11.6	10.7	11.4
Poor mental health	10.9	11.2	11.8	11.7	12.4	12.9	14.5	14.9	14.8	14.5	14.4
Long-term health condition	27.9	28.1	27.2	28.9	28.3	28.8	29.3	30.7	31.2	29.2	29.0
Child with disability	2.9	3.4	3.1	3.0	3.7	3.0	2.8	3.1	2.9	3.2	3.0
<b>SOCIAL DOMAIN</b>											
Low social support	1.8	1.7	2.0	1.9	2.0	2.0	1.8	1.9	2.3	2.1	2.0
Low social activity	12.2	12.4	13.0	11.9	14.2	14.2	17.2	19.9	16.2	16.0	15.8
<b>COMMUNITY DOMAIN</b>											
Poor neighbourhood quality	1.5	-	1.1	-	1.6	-	0.9	-	1.2	-	1.6
Do not feel part of community	13.1	12.5	12.5	14.1	13.0	12.4	11.6	13.8	12.5	12.1	11.4
Low satisfaction with neighbourhood	4.6	4.5	4.1	4.4	4.0	3.9	3.1	2.9	3.6	3.3	3.3
Not an active member of a sporting/hobby/community group	19.9	19.3	21.5	19.6	20.4	20.1	23.7	22.3	21.0	20.7	20.7
Low civic participation	23.1	22.9	23.5	23.1	23.6	23.7	26.6	25.4	24.0	24.0	22.8
<b>PERSONAL SAFETY DOMAIN</b>											
Victim of physical violence	1.4	1.3	1.2	1.5	1.3	1.3	1.6	1.2	1.3	1.5	1.4
Victim of property crime	3.3	3.1	3.3	2.4	2.9	2.8	2.5	2.0	2.9	2.7	2.8
Low subjective safety	2.3	2.4	2.1	2.3	2.3	2.1	2.0	1.9	1.8	1.6	1.7



## 6.6 DEEP SOCIAL EXCLUSION

As described in section 6.2.3, social exclusion was measured using a sumscore approach, with responses for each domain assumed to be of equal importance.

Table 6.5 shows trends in the extent of deep social exclusion for different types of individuals. As noted earlier, the weights for the social exclusion indicators have been retrospectively changed, so for purposes of comparisons, Table 6.5 also shows the extent of deep social exclusion estimated by the Productivity Commission for 2010, as well as those estimated from Wilkins from improved data.

The Productivity Commission ranked the groups identified as more likely to experience multiple forms or deeper disadvantage in 2010 as follows:

- People who are unemployed.
- People who are dependent upon income support.
- People with poor health or a disability
- Lone parents (and their children).<sup>20</sup>
- People with low levels of educational attainment.
- Indigenous Australians.
- Single adults (both elderly and working age).<sup>21</sup>

<sup>20</sup> While many of the measures of disadvantage refer to adult Australians or people aged 15 years plus estimates show children of lone parents have much higher rates of persistent poverty and lone parents are much more likely than other household types to be income and asset poor.

<sup>21</sup> Productivity Commission, *Deep and Persistent Disadvantage*, 2013, pp. 82-83.

Table 6.5 shows that this ranking has not changed over the subsequent 12 years. The trends are also shown in Figure 6.8.

Looking at the updated data, the extent of deep social exclusion (a score of two or more) has increased from 5.6% of people aged 15 and over in 2010 to 6.6% in 2022.

As with the results from the Productivity Commission in 2013, by far the highest rates of deep social exclusion in 2022 are experienced by people who are unemployed (38.8%), public housing tenants (36.5%), people receiving income support (20.5%), people with long-term health conditions or a disability (16.3%), people with low educational attainment (16.3%), lone parents (15.7%), and Indigenous Australians (15.5%).

Groups with lower levels of deep social exclusion – although still above the overall average – are single adults over 65 (9.2%), single working age adults (9.0%) and migrants from a Non-English Speaking Background (NESB) background (7.0%).



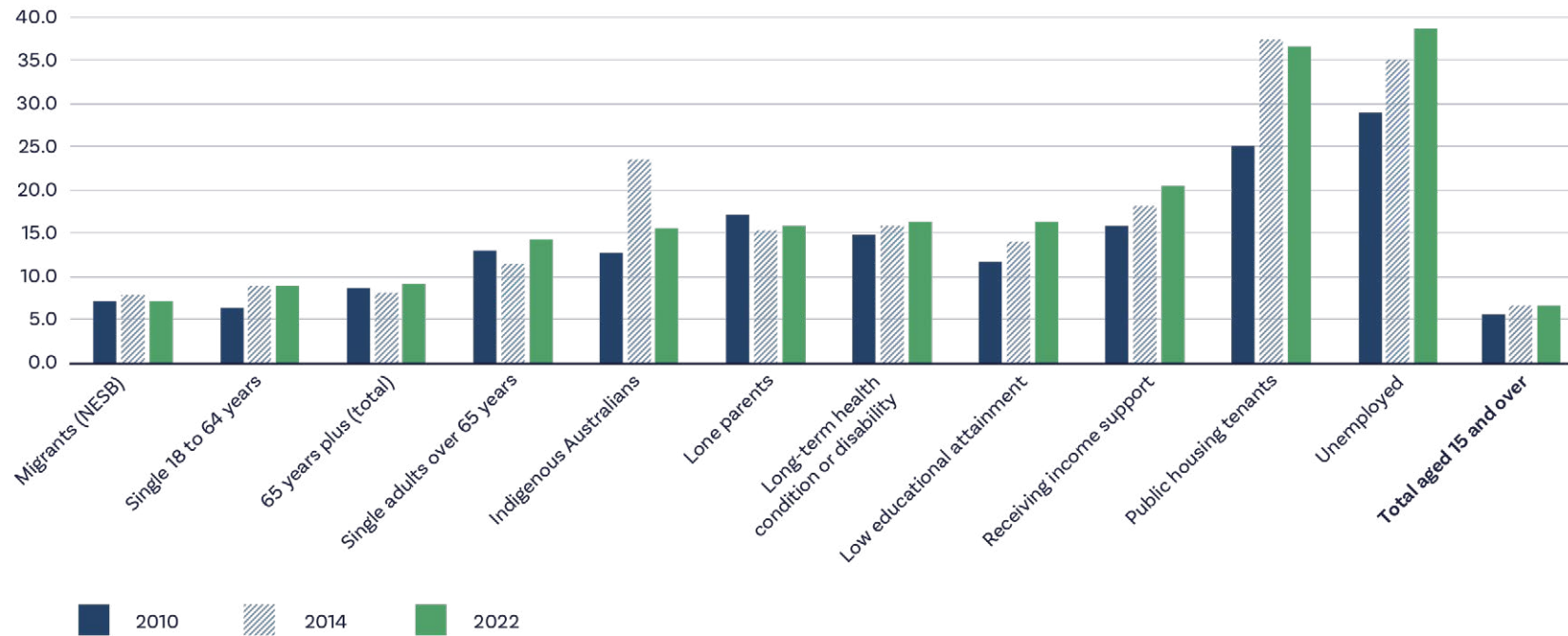
The extent of deep social exclusion for people aged 15 and over has

**INCREASED FROM  
5.6% IN 2010 TO  
6.6% IN 2022.**

By far the highest rates of deep social exclusion in 2022 are experienced by people who are unemployed (38.8%).

**FIGURE 6.8: PREVALENCE OF DEEP SOCIAL EXCLUSION FOR VULNERABLE GROUPS, 2010 TO 2022**

Source for Figure 6.8:  
Calculated from Table 6.5.



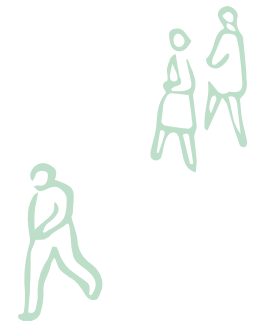
**FOR MANY OF THE MOST DISADVANTAGED – INCLUDING PUBLIC HOUSING TENANTS, PEOPLE WHO ARE UNEMPLOYED, PEOPLE RECEIVING INCOME SUPPORT AND THOSE WITH LOW EDUCATIONAL ATTAINMENT – RATES OF DEEP DISADVANTAGE HAVE INCREASED SIGNIFICANTLY.**

For Indigenous Australians, rates of deep disadvantage nearly doubled between 2010 and 2014, but then fell back, although still higher than in 2010.

It can also be noted that while rates of deep disadvantage increased for the most disadvantaged of these groups, the size of these groups may have fallen. For example, Table 6.4 showed that the share of people with very low educational attainment fell quite significantly, as did the number of people who are unemployed.

Separate analysis from the Parliamentary Library also shows that the share of the working-age population receiving income support also has fallen over this period.<sup>22</sup> In contrast, the share of the Australian population aged 65 years and over has increased due to population ageing.

<sup>22</sup> Parliamentary Library, Trends in working-age welfare recipients, Social Policy Section, Canberra, Policy Brief 2025-26, 2025, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_departments/Parliamentary\\_Library/Research/Policy\\_Briefs/2025-26/Working-ageincomesupportrecipients](https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Research/Policy_Briefs/2025-26/Working-ageincomesupportrecipients).

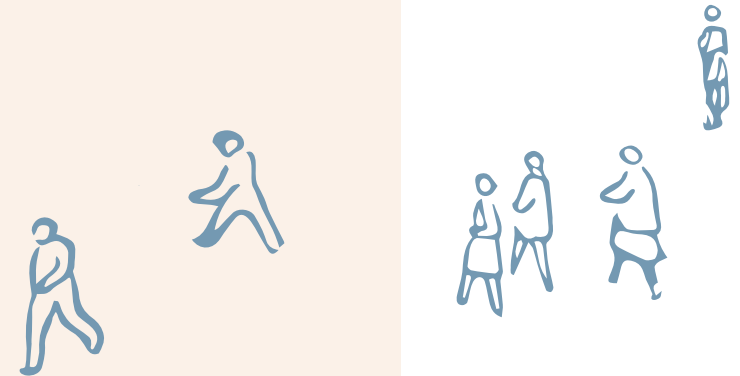


**TABLE 6.5: PREVALENCE OF DEEP SOCIAL EXCLUSION FOR VULNERABLE GROUPS, 2010 TO 2022**

	PRODUCTIVITY COMMISSION	UPDATED DATA		
	2010	2010	2014	2022
Single 18 to 64 years)	7.1	6.4	8.9	9.0
Lone parents	10.1	17.2	15.4	15.7
Single adults over 65 years	11.9	12.9	11.4	14.2
65 years plus (total)	7.8	8.6	8.1	9.2
Indigenous Australians	9.1	12.7	23.5	15.5
Migrants (NESB)	5.7	7.2	7.8	7.0
Unemployed	31.4	28.9	35.0	38.8
Receiving income support	18.7	15.9	18.2	20.5
People with a long-term health condition or disability	13.3	14.7	15.8	16.3
Low educational attainment	9.9	11.8	13.9	16.3
Public housing tenants	21.1	25.1	37.4	36.5
<b>Total (All aged 15 and over)</b>	<b>4.8</b>	<b>5.6</b>	<b>6.5</b>	<b>6.6</b>

Increasing prevalence rates and changing population shares have two important potential outcomes. As the size of the most disadvantaged groups shrinks, it is possible that those still remaining in those groups become more relatively disadvantaged, as those “left” are those with the greatest problems.

**CHANGING POPULATIONS ALSO MEANS THAT THE COMPOSITION OF DISADVANTAGE CAN CHANGE, AS WILL BE DISCUSSED BELOW.**



Source for Table 6.5: Productivity Commission, *Deep and Persistent Disadvantage*, 2013, Tables 1 and 3.8; R Wilkins (2026), HILDA General Release 24 (Waves 1 – 24).

## 6.7 PERSISTENCE

The particular strength of the HILDA Survey is that it is longitudinal, tracking changes in people's circumstances over time. What happens over time matters, as some people can move in and out of disadvantage relatively quickly, while others can remain disadvantaged for many years. Following the same people over a number of years builds on understanding the nature of deep and persistent disadvantage and how to address it.

**PEOPLE'S CIRCUMSTANCES CAN CHANGE SIGNIFICANTLY AS A RESULT OF LIFE EVENTS INCLUDING PREDICTABLE ONES LIKE FINISHING STUDY, ENTERING WORK, OR RETIRING. THEY CAN ALSO CHANGE AS A RESULT OF UNPREDICTABLE EVENTS INCLUDING ILLNESS OR INJURY, CHANGES IN LABOUR MARKET STATUS, OR CHANGES IN FAMILY STATUS.**

The Australian income support system is specifically designed to come into operation when changes in circumstances result in a reduction in income. For example, the 2017 Annual HILDA Statistical Report shows that over the entire 2001 calendar year, 41.8% of working-age Australian

households contained a person receiving income support payments (not including family payments or Age Pension).

DSS administrative data show that at 30 June 2001 20.6% of the working-age population were receiving an income support payment. The fact that nearly twice as many individuals receive payments over the course of a year than at a point in time means that significant numbers of people move into and out of the social security system within a 12-month period.

Over the period between 2001 and 2015, more than 70% of Australian working-age households contained someone receiving income support payments, but only 6.9% of working-age households contained a person receiving payments every year, and the proportion receiving 90% or more of their income from social security payments every year was too small to be statistically reliable.<sup>23</sup>

Table 6.6 shows the persistence of relative income poverty for different household types between 2001 and 2010, 2011 and 2020, and 2015 and 2024. It can be seen, for example, that a majority of non-elderly family types never experience poverty – in 2015–2024, 77% of couples with children, 67% of couples without children, 62% of single non-elderly men, and 57% of non-elderly women had zero years with incomes below 50% of median household income.

<sup>23</sup> 2017 HILDA Statistical Report, pp. 37–39.

For single parents with children the experience of poverty was more common, being above 50% in all periods. The experience of poverty is most common for older people, particularly for older single women where only around 19–20% never experienced poverty – that is 80% did experience poverty at some time.

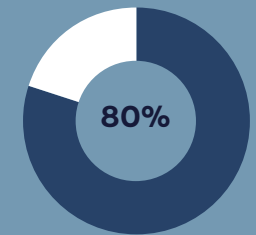
For each of these disadvantaged groups, there were significant numbers experiencing income poverty for extended period. For single elderly women the proportion in relative income poverty for 6 to 10 years was around 37% to 40% in each period. However, for all of the three elderly groups, the experience of long-term poverty has reduced over time.

Lone parents show a different pattern, with the share being in poverty for 6 to 10 years increasing from 6.7% in the first 10-year period to 9.3% in the second, and 12.7% between 2015 and 2024.

The Productivity Commission emphasises that the risk of a person remaining in disadvantage increases with its duration. For example, the likelihood of an Australian exiting income poverty who had experienced poverty for six or more years (in the previous nine years) is around two thirds less than someone who had experienced income poverty for one or two years.<sup>24</sup>

<sup>24</sup> Melbourne Institute, 2013, Families, Incomes and Jobs, Vol. 8, Melbourne.

**A majority of non-elderly family types never experience poverty. The experience of poverty is most common for older single women.**



80% of older single women have experienced poverty at some point.

**TABLE 6.6: PERSISTENCE OF RELATIVE INCOME POVERTY BY HOUSEHOLD TYPE, PER CENT OF TOTAL**

	0 YEARS	1-2 YEARS	3-5 YEARS	6-10 YEARS	TOTAL
<b>2001 TO 2010</b>					
Non-elderly couple	64.2	18.3	9.4	8.0	100.0
Couple with dep children	69.1	20.2	8.1	2.5	100.0
Single parent	45.4	29.1	18.8	6.7	100.0
Single non-elderly male	62.9	21.5	9.1	6.5	100.0
Single non-elderly female	57.3	20.9	10.1	11.7	100.0
Elderly couple	24.2	27.9	22.3	25.6	100.0
Single elderly male	18.6	30.8	14.3	36.2	100.0
Single elderly female	21.7	18.5	19.7	40.1	100.0
<b>2011 TO 2020</b>					
Non-elderly couple	70.0	17.4	7.6	5.0	100.0
Couple with dep children	74.4	14.9	7.7	2.9	100.0
Single parent	43.9	26.5	20.3	9.3	100.0
Single non-elderly male	62.0	21.2	9.7	7.1	100.0
Single non-elderly female	58.4	19.3	14.0	8.2	100.0
Elderly couple	36.8	21.8	22.5	18.9	100.0
Single elderly male	37.1	19.7	21.9	21.3	100.0
Single elderly female	19.3	25.0	18.8	36.9	100.0
<b>2015 TO 2024</b>					
Non-elderly couple	67.2	18.9	9.4	4.5	100.0
Couple with dep children	77.0	14.1	5.4	3.4	100.0
Single parent	46.2	25.4	15.7	12.7	100.0
Single non-elderly male	62.1	20.8	9.0	8.1	100.0
Single non-elderly female	57.4	24.3	9.9	8.5	100.0
Elderly couple	32.5	29.5	18.3	19.7	100.0
Single elderly male	32.1	24.0	20.5	23.4	100.0
Single elderly female	19.4	24.4	19.9	36.3	100.0

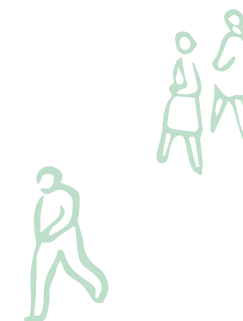
## 6.8 DEEP AND PERSISTENT DISADVANTAGE

Table 6.7 shows levels of relative income poverty and deep social exclusion in 2010, 2014 and 2022, as well as changes in deep and persistent social exclusion for three ten-year periods – between 2001 and 2010, 2011 and 2020, and 2015 and 2024.

### OVERALL, RELATIVE INCOME POVERTY FELL SLIGHTLY BETWEEN 2010 AND 2014 BUT INCREASED BETWEEN 2014 AND 2022 (FROM 10.1 TO 14.2%).

Levels of relative poverty were highest in 2022 for public housing tenants (49.9%), single adults over 65 years (40.7%), those receiving income support (38.1%), people over 65 years (34.1%) and Indigenous Australians (27.2%).

Source for Table 6.6: R Wilkins, 2026. HILDA General Release 24 (Waves 1 – 24).



**TABLE 6.7: TRENDS IN INCOME POVERTY, DEEP EXCLUSION AND DEEP AND PERSISTENT EXCLUSION, AUSTRALIA, 2010, 2014 AND 2022**

	Poverty			Deeply excluded			Deep and persistent social exclusion		
	2010	2014	2022	2010	2014	2022	2001-2010	2011-2020	2015-2024
Single 18 to 64 years)	10.8%	10.6%	12.8%	6.4%	8.9%	9.0%	6.3%	7.7%	7.0%
Lone parents	20.6%	15.1%	21.9%	17.2%	15.4%	15.7%	9.8%	9.8%	9.5%
Single adults over 65 years	36.1%	27.6%	40.7%	12.9%	11.4%	14.2%	3.1%	7.2%	10.1%
65 years plus (total)	29.8%	22.5%	34.1%	8.6%	8.1%	9.2%	4.2%	7.2%	6.0%
Indigenous Australians	17.2%	20.5%	27.2%	12.7%	23.5%	15.5%	23.7%	18.1%	22.4%
Migrants (NESB)	15.4%	12.8%	17.0%	7.2%	7.8%	7.0%	7.1%	7.8%	7.9%
Unemployed	16.6%	15.8%	22.3%	28.9%	35.0%	38.8%	19.8%	12.6%	19.0%
Receiving income support	31.0%	25.8%	38.1%	15.9%	18.2%	20.5%	16.4%	18.6%	23.4%
People with a long-term health condition or disability	21.1%	19.4%	24.8%	14.7%	15.8%	16.3%	15.8%	16.2%	17.1%
Low educational attainment	18.5%	17.6%	25.0%	11.8%	13.9%	16.3%	10.1%	10.8%	14.2%
Public housing tenants	29.0%	37.6%	49.9%	25.1%	37.4%	36.5%	15.6%	28.7%	27.8%
<b>Total (All aged 15 and over)</b>	<b>11.4%</b>	<b>10.1%</b>	<b>14.2%</b>	<b>5.6%</b>	<b>6.5%</b>	<b>6.6%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>5.6%</b>

Source for Table 6.7: R Wilkins, 2026. HILDA General Release 24 (Waves 1 – 24). (Updated Table 1 and 3.8 in Productivity Commission, *Deep and Persistent Disadvantage*, 2013).

**FOR EACH OF THESE GROUPS THE EXTENT OF POVERTY HAD INCREASED SINCE 2010, WITH THE LARGEST INCREASE BEING FOR THOSE IN PUBLIC HOUSING.**

This likely reflects the decline in the supply of public housing over this period, and the waiting period for housing meaning that the available supply is more concentrated on the poorest.<sup>25</sup>

The extent of deep exclusion is lower than the extent of relative poverty – 6.6% in 2022 compared to a relative poverty rate of 14.2%. The most excluded group are people who are unemployed (38.8%), followed by public housing tenants (36.5%), and those receiving income support (20.5%).

The extent of deep and persistent social exclusion is highest for public housing tenants (27.8%), those receiving income support (23.4%) and Indigenous Australians (22.4%), and has increased strongly for the first two of these categories.

<sup>25</sup> Australian Institute of Health and Welfare, *Housing assistance in Australia*, 2025, <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/social-housing-dwellings>.

Another way of looking at the relation between poverty and deep and persistent disadvantage is shown in Figure 6.9. This simply expresses the ratio of the share of each group experiencing deep and persistent disadvantage to the rate of relative income poverty for that group in 2022.

This is only intended a broad indicator of the relationship between these measures – relative poverty is the rate applying in one year, while deep and persistent disadvantage is a measure over the ten-year period. Nevertheless, it illustrates the strength of the relationship between the variables – for example, for people 65 years and over the extent of persistent deep disadvantage was less than one-fifth of the poverty rate in the year.

**IT IS CLEAR THAT THE LINK BETWEEN CURRENT POVERTY RATES AND LONG-TERM DISADVANTAGE IS WEAKEST FOR PEOPLE 65 YEARS AND OVER.**

The relationship is likely to be strongest for people who are unemployed and for Indigenous Australians, where the rate of persistent deep inclusion is more than 80% of the single year poverty rate.

**FIGURE 6.9: RATIO OF EXPERIENCE OF DEEP AND PERSISTENT DISADVANTAGE, 2015 TO 2024 TO RELATIVE POVERTY RATE IN 2024 FOR VULNERABLE GROUPS**

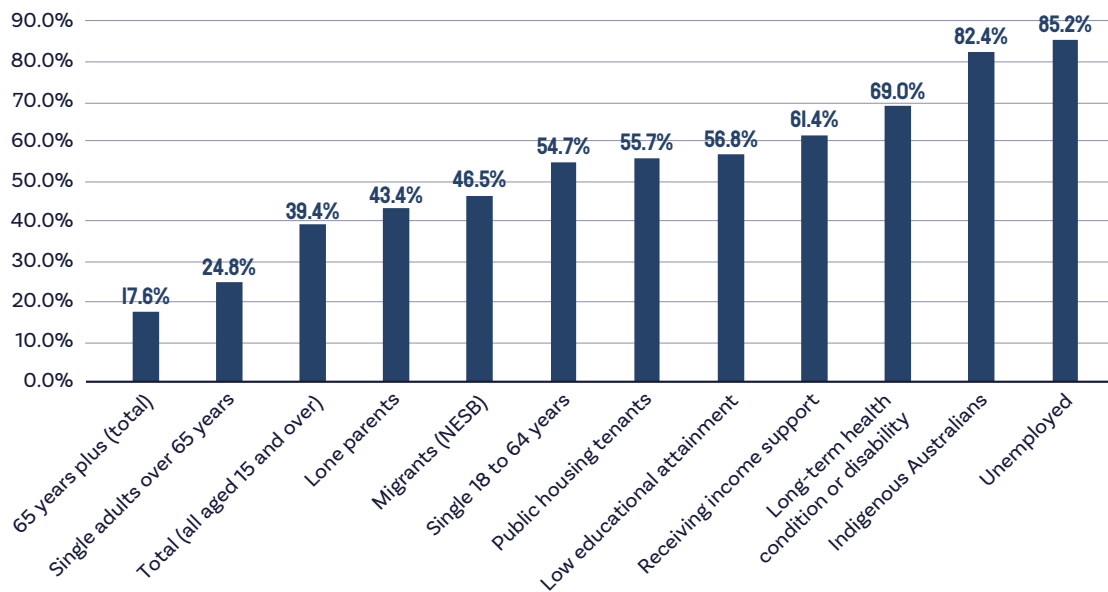
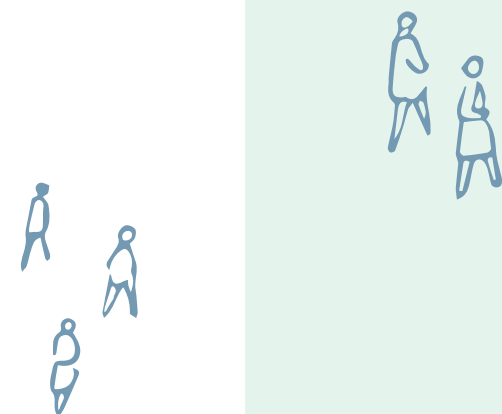


Table 6.8 shows trends in the composition and prevalence of those experiencing deep and persistent social exclusion, grouped by gender, age group, family type, health status, country of birth, Indigenous status, educational attainment, housing tenure, location, and labour force status.

In considering these trends it is important to remember the points made at the beginning of this chapter on the changing composition and economic circumstances of the Australian population since 2001 and 2010.

Source for Figure 6.9: Calculated from R Wilkins, 2026.



**TABLE 6.8: CHARACTERISTICS OF THOSE DEEPLY AND PERSISTENTLY EXCLUDED, BY 10-YEAR PERIODS, 2001 TO 2024 (PERSONS AGED 15+ OVER THE 10-YEAR PERIOD)**

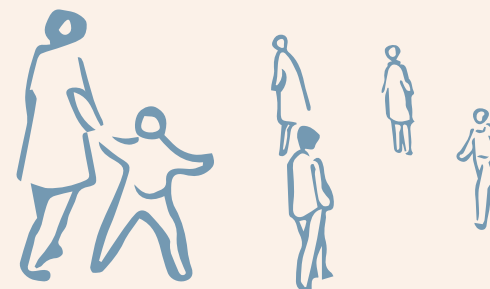
	COMPOSITION (%)			PREVALENCE (%)		
	2001-2010	2011-2020	2015-2024	2001-2010	2011-2020	2015-2024
<b>GENDER</b>						
Male	37.0	46.0	50.6	2.3	3.4	4.3
Female	63.0	54.0	49.4	4.5	4.0	4.0
<b>AGE GROUP</b>						
18-29	14.9	15.2	17.3	1.9	2.3	2.7
30-59	73.4	68.0	63.2	3.7	4.2	4.3
60 and over	11.7	16.8	19.5	4.2	4.3	4.9
<b>FAMILY TYPE</b>						
Couple no children	20.3	21.9	17.6	3.0	3.4	3.0
Couple with children	32.0	35.8	30.9	2.0	2.5	2.6
Lone parent	26.2	17.5	16.5	10.3	7.3	6.9
Lone person	8.8	9.3	16.3	5.3	5.7	11.0
Other	12.7	15.6	18.6	4.6	6.6	8.5
<b>HEALTH</b>						
Disability	55.7	60.2	66.5	11.0	12.0	14.1
No disability	44.3	39.8	33.5	1.8	1.8	1.7
<b>COUNTRY OF BIRTH</b>						
Australia	77.3	74.9	76.3	3.3	3.8	4.4
Main English speaking	13.7	5.6	4.3	4.6	2.0	1.8
Other	9.0	19.5	19.4	2.4	4.2	4.6
<b>INDIGENOUS STATUS</b>						
Non-Indigenous	91.2	92.2	92.3	3.1	3.5	3.9
Indigenous	8.8	7.8	7.7	23.7	18.1	19.2
<b>EDUCATIONAL ATTAINMENT</b>						
Degree	2.6	7.6	7.3	0.4	1.0	1.0
Diploma	6.1	7.3	6.9	2.0	2.7	2.4
Certificate III/IV	11.3	18.7	18.1	2.3	3.5	3.8

Note: Social exclusion indicators available in all waves.

Source for Table 6.8: R Wilkins, 2026. HILDA General Release 24 (Waves 1 - 24).

**TABLE 6.8: CHARACTERISTICS OF THOSE DEEPLY AND PERSISTENTLY EXCLUDED, BY 10-YEAR PERIODS, 2001 TO 2024 (PERSONS AGED 15+ OVER THE 10-YEAR PERIOD)  
(CONTINUED)**

	COMPOSITION (%)			PREVALENCE (%)		
	2001-2010	2011-2020	2015-2024	2001-2010	2011-2020	2015-2024
<b>Year 12</b>	10.9	15.9	19.9	1.9	3.2	5.0
<b>Certificate I/II</b>	6.7	5.2	8.1	7.8	7.4	11.2
<b>Year 11 or less</b>	62.4	45.3	39.7	7.1	7.9	9.9
<b>HOUSING TYPE</b>						
<b>Owner outright</b>	28.3	21.1	20.6	3.0	2.8	3.2
<b>Owner with mortgage</b>	24.6	24.1	20.5	1.9	2.1	1.9
<b>Private rental</b>	35.2	42.7	49.3	5.5	5.9	7.8
<b>Social housing</b>	11.9	12.1	9.6	10.2	21.3	22.4
<b>LOCATION</b>						
<b>Major city</b>	57.6	55.4	68.5	2.8	2.9	3.8
<b>Inner regional</b>	30.8	30.6	21.1	5.2	6.4	5.1
<b>Outer regional</b>	11.6	13.6	10.4	4.1	5.8	5.8
<b>Remote</b>	0.0	0.3	0.0	0.0	0.7	0.0
<b>LABOUR FORCE STATUS</b>						
<b>Employed full-time</b>	18.6	21.7	12.2	1.2	1.6	1.0
<b>Employed part-time</b>	9.1	14.4	14.6	1.4	2.2	2.5
<b>Unemployed</b>	16.7	5.5	11.7	14.5	7.7	14.3
<b>Not in the labour force</b>	55.5	58.4	61.5	8.4	9.2	11.3



For example, Table 6.8 shows what appear to be some surprising results. In the 2001-2010 period 63% of those experiencing deep and persistent exclusion were women, but in the most recent 2015-2024 period this had fallen to just under half, with more men than women experiencing deep and persistent exclusion.

The share of the population aged 60 and over experiencing deep and persistent exclusion also increased from 11.7% to 19.5%. By family type, the largest increase was for lone persons who went from 8.8% to 16.3% of those deeply and persistently excluded. These two trends are likely to reflect the ageing of the Australian population over this period. Related to this, the share with disability increased from 55.7% to 66.5% and prevalence among people with disability increased from 11.0% to 14.1%.

People born in Australia continued to account for three-quarters of those experiencing deep and persistent exclusion, but over this period there has been a marked shift for those born overseas from the main English-speaking to other countries. Indigenous people are much more likely to experience persistent disadvantages compared to non-Indigenous (19.2% compared to 3.9%), but this is actually a slight improvement, and their share of those disadvantaged fell slightly.

There are major differences in disadvantage experienced by different levels of educational attainment, with only 1% of those with a degree experiencing persistent disadvantage, compared to 10% of those with year 11 or less and 11% of those with a Certificate Level I/II. It is also notable that the prevalence of disadvantage increased for each of these categories of educational attainment. However, the share of those with Year 11 or less fell from 62.4% to just under 40%, while the share of those who had finished Year 12 nearly doubled. This is likely to reflect the significant increase in educational attainment over this period, but with declining returns to higher education.<sup>26</sup>

### **IN TERMS OF HOUSING TYPE, DEEP AND PERSISTENT SOCIAL EXCLUSION IS BY FAR MOST COMMON FOR PEOPLE LIVING IN SOCIAL HOUSING.**

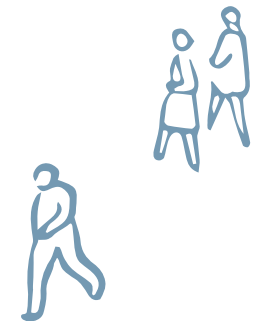
In itself, this is not surprising because the long waiting lists and eligibility conditions for public housing and the income tests for social housing are intended to concentrate on those most in need of assistance. The increase in the share of those deeply disadvantaged living in private rental accommodation from around one-third to one-half of the deeply disadvantaged is also notable, partly reflecting the decline in the share of social housing among all tenure types.

<sup>26</sup> E Birch & A Preston, "The Falling Returns to Education in Australia", *Economic Record*, 101, 2025: 377-391, <https://doi.org/10.1111/1475-4932.12878>.

While 68.5% of those in deep and persistent disadvantage live in major cities this is lower than their share of the population (around 73%).

### **THE LACK OF RELIABLE DATA IN HILDA ON DISADVANTAGE AMONG THOSE LIVING IN REMOTE (OR VERY REMOTE) AREAS IS NOTABLE AND MAY LEAD TO AN UNDERCOUNT OF DISADVANTAGE AMONG INDIGENOUS AUSTRALIANS.**

Finally, Table 6.8 shows that disadvantage is most prevalent among unemployed Australians and those outside the labour force. However, the decline in people who are unemployed in the population has meant that their share of those deeply and persistently disadvantaged has declined, while the share not in the labour force has increased – also probably reflecting population ageing as discussed earlier.



## 6.9 FURTHER RESEARCH AND ANALYSIS

This update is intended only to provide a descriptive overview of the main developments since the Productivity Commission analysis published in 2013.

More in-depth analysis is required to identify, if possible, the causal factors behind these trends.

The Productivity Commission highlighted a wide range of explanations for the persistence of disadvantage, with important areas for further analysis including:

- **The locations where Australians experiencing disadvantage live.** The Productivity Commission's 2013 report showed that deprivation was highest in large towns and rural areas and lowest in the inner city. Rural residents reported the highest rates of service exclusion – particularly medical and dental services, childcare services, and financial services. Australians residing in more disadvantaged areas experienced much higher rates of chronic disease and mental health problems and the most disadvantaged regions had higher rates of unemployment, people dependent on income support, and children living in jobless families. However, the design of the HILDA Survey did not include people living in remote and very remote areas who are likely to be experiencing higher rates of disadvantage.
- **The geo-spatial distribution of disadvantage and place-based responses.** In its first report the Committee highlighted the value of place-based approaches to social and economic development. In Australia, as in many other countries, disadvantage tends to be concentrated in certain clusters of suburbs in urban areas and in regional and remote towns that for reasons of history or changes in the economy experience high rates of poverty and exclusion. Place-based strategies that support local stakeholders to lead change in their communities are now relatively common across Australia and warrant organised support. The Government has responded to the Committee's recommendations through the Tackling Entrenched Disadvantage package and other measures, and the Committee is keen to return to the topic of place-based development in future years.
- **Childhood poverty and disadvantage.** The evidence points to there being critical times for building capabilities for life: the early years, which lay the foundation for children's future learning and lifetime outcomes; success at school, which is a key determinant of children going on to further education, training, and employment; and the transition between education and work which sets up good work and career prospects.
- **Education.** There is strong evidence to show that education is the key to improving life chances. Education not only provides skills and the capacity to learn, but it also improves a person's employment prospects and earning capacity. The evidence also points to a relationship between education, better health, social cohesion, and reduced crime. In contrast, poor educational achievement increases the probability of poorer employment prospects, lower lifetime earnings, and reduced ability to participate in society.
- **Capabilities.** The capabilities that students leave school with affect their transition to higher education and work. These differences can widen over time as better educated students take up further study or enter the workforce (and continue to develop skills). Spells of unemployment or joblessness when people are young (particularly for extended periods), carry the risk of lasting effects on earnings and employment.
- **Post-school qualifications.** Australians without post-school qualifications, or with Certificates I and II only, are more likely to be unemployed or not in the labour force compared to those with higher qualifications. Early school leavers experience social exclusion at three times the rate of those who complete Year 12.<sup>27</sup>

<sup>27</sup> F Azpitarte, *Social exclusion monitor bulletin* November 2012, Melbourne Institute of Applied Economic and Social Research and Brotherhood of St Laurence, Melbourne, 2012.



- **Higher education.** Access to and participation in higher education can increase life opportunities, particularly for children from low socioeconomic backgrounds, but the evidence shows that educational differences tend to persist across generations.
- **Material resources and jobs.** People's material standard of living is largely determined by their access to economic resources (income and wealth). Unemployment and joblessness more generally denies people access to an important income stream, reduces social status, and constrains engagement in meaningful activities. The evidence suggests that job loss is a key trigger of disadvantage.
- **Long-term unemployment.** Long-term joblessness lowers people's capacity to meet housing costs, putting them at greater risk of homelessness. In the absence of affordable housing, it can be difficult for a person to find and hold down a job or engage in education or become part of the local community. Housing instability and homelessness can also mean children frequently moving between schools or missing out on some schooling.
- **Temporary or casual work.** Paid employment does not guarantee an absence of recurrent disadvantage. Many less educated and low skilled people are engaged in temporary or casual work. Casual workers are less likely to have regular hours of work and as a consequence are more likely to experience variable earnings.

HILDA Survey data show that living in a job-poor household (where aggregate hours worked in a household are less than 35 hours per week) is experienced by more Australians than is joblessness and is more likely to be long term than joblessness.<sup>28</sup> See Annex Table.

- **Longitudinal administrative datasets.** In addition, as the Productivity Commission highlighted, longitudinal administrative datasets offer the potential to track smaller groups of people over longer periods of time. These datasets have been significantly expanded over the last decade and can provide new insights to inform policy makers about deep and persistent disadvantage. Further analysis by this Committee will consider how to bring the insights of linked administrative datasets to more fully explore the disadvantages experienced in remote and very remote areas and develop more effective policies to address these.

## 6.10 CONCLUSION

To inform debate on social inequality in Australia, this chapter uses the most recent data from the HILDA Survey by the Melbourne Institute to update the Productivity Commission's 2013 report *Deep and Persistent Disadvantage in Australia*.

<sup>28</sup> Ibid.

## IT FOUND THAT DEPRIVATION WAS STABLE OR DECLINING BETWEEN 2014 AND 2022 AND IS TODAY SIGNIFICANTLY HIGHER FOR PEOPLE RECEIVING INCOME SUPPORT THAN FOR THE POPULATION GENERALLY.

**Deep social exclusion** is highest for the unemployed (38.8%) and public housing tenants (36.5%), people receiving income support (20.5%), people with long-term health conditions (16.6%), people with low educational attainment (16.3%), and sole parents (15.7%). Indigenous Australians were more than twice as likely as the population as a whole to suffer deep social exclusion (15.5% compared to 6.6%). Over the period studied, deep social exclusion increased most for the unemployed, people with low educational attainment, and public housing tenants.

Changes in the labour market such as reduced unemployment and greater educational achievement, reduced coverage of Income Support payments, and population ageing have changed the composition of **deep and persistent disadvantage**, with the result that the share of older people and of men has increased, while the share of younger people and women has decreased.

Further work should analyse in greater depth the locations in which disadvantage is concentrated and policies to reduce economic and social exclusion.



**ANNEX TABLE I: TWO-YEAR INCOME POVERTY STATUS, % OF ALL AUSTRALIAN RESIDENTS**

	NOT IN POVERTY IN EITHER YEAR	NOT IN POVERTY IN 1ST YEAR BUT ENTERED POVERTY IN 2ND YEAR	IN POVERTY IN 1ST YEAR AND EXITED POVERTY IN 2ND YEAR	IN POVERTY IN BOTH YEARS	TOTAL
2001 and 2002	81.5	5.9	5.6	7.0	100.0
2002 and 2003	81.8	6.1	5.3	6.7	100.0
2003 and 2004	82.5	5.3	5.0	7.1	100.0
2004 and 2005	82.7	4.9	6.0	6.4	100.0
2005 and 2006	82.9	6.1	4.8	6.2	100.0
2006 and 2007	82.6	6.1	4.7	6.7	100.0
2007 and 2008	82.5	5.1	4.9	7.4	100.0
2008 and 2009	83.1	4.9	4.7	7.4	100.0
2009 and 2010	82.8	5.2	5.6	6.4	100.0
2010 and 2011	84.2	4.7	4.9	6.2	100.0
2011 and 2012	82.7	5.4	5.4	6.5	100.0
2012 and 2013	83.5	5.3	5.7	5.5	100.0
2013 and 2014	84.9	4.6	5.0	5.6	100.0
2014 and 2015	85.0	4.8	4.6	5.6	100.0
2015 and 2016	84.9	5.3	4.7	5.2	100.0
2016 and 2017	84.7	5.2	4.2	5.9	100.0
2017 and 2018	84.1	5.2	4.4	6.3	100.0
2018 and 2019	83.4	5.3	4.5	6.8	100.0
2019 and 2020	84.3	4.2	5.2	6.3	100.0
2020 and 2021	84.3	5.5	4.3	5.9	100.0
2021 and 2022	82.5	6.2	4.1	7.2	100.0
2022 and 2023	82.4	4.4	5.7	7.5	100.0
2023 and 2024	83.0	5.2	4.9	6.9	100.0
All years	83.4	5.2	5.0	6.5	100.0

Source for Annex Table 1: The estimates are all produced by R Wilkins using Release 24.0 of the HILDA Survey (General Release); Updated Table 3.2 in Productivity Commission, *Deep and Persistent Disadvantage*, 2013.

**ANNEX TABLE 2: YEARS IN JOBLESS/JOB-POOR HOUSEHOLDS, 2001-2010, 2011-2019 AND 2015-2024**

2001-2009	ALL PERSONS		CHILDREN			
			Jobless		Job-poor	
NUMBER OF YEARS	JOBLESS	JOB-POOR	COUPLE	LONE PARENT	COUPLE	LONE PARENT
0	70.5	51.7	77.3	29.5	60.2	7.3
1-2	14.5	20.7	12.0	26.4	17.9	22.9
3-4	5.5	8.7	4.4	11.4	6.6	14.7
5-8	7.0	13.0	5.1	27.7	12.1	34.9
9	2.6	5.9	1.2	5.0	3.2	20.2
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0

2011-2019	ALL PERSONS		CHILDREN			
			Jobless		Job-poor	
NUMBER OF YEARS	JOBLESS	JOB-POOR	COUPLE	LONE PARENT	COUPLE	LONE PARENT
0	74.9	57.0	83.6	36.1	66.1	10.0
1-2	11.3	17.0	8.0	20.8	15.7	16.0
3-4	5.2	8.0	3.7	15.3	5.7	13.1
5-8	6.4	12.2	3.8	19.7	9.3	39.1
9	2.3	5.8	0.9	8.1	3.2	21.9
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0

2016-2024	ALL PERSONS		CHILDREN			
			Jobless		Job-poor	
NUMBER OF YEARS	JOBLESS	JOB-POOR	COUPLE	LONE PARENT	COUPLE	LONE PARENT
0	77.1	58.0	86.0	31.2	67.7	8.1
1-2	11.2	18.1	8.3	23.5	17.0	22.7
3-4	4.3	7.8	1.8	10.1	5.7	13.3
5-8	5.2	10.3	2.9	28.4	6.6	33.4
9	2.2	5.8	1.1	7.0	3.1	22.5
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0

Note: Replicates Table 4.4 in Productivity Commission, *Deep and Persistent Disadvantage*, 2013.

Source for Annex Table 2: The estimates are all produced by R Wilkins using Release 24.0 of the HILDA Survey (General Release)

**ANNEX TABLE 3: DEEP SOCIAL EXCLUSION (SCORE OF 2 OR MORE) BY EDUCATIONAL ATTAINMENT (%)**

**MEASURE OF SOCIAL EXCLUSION AVAILABLE FROM ALL WAVES**

	<b>DEGREE</b>	<b>DIPLOMA</b>	<b>CERTIFICATE III/IV</b>	<b>YEAR 12</b>	<b>CERTIFICATE I/II</b>	<b>YEAR 11 OR LESS</b>
<b>2001</b>	2.1	2.7	5.7	4.6	9.5	13.9
<b>2002</b>	2.7	3.1	4.9	5.0	8.2	14.2
<b>2003</b>	2.9	4.2	4.5	5.9	9.2	13.1
<b>2004</b>	1.9	3.4	4.9	6.1	7.6	12.1
<b>2005</b>	2.6	2.0	4.7	4.6	7.6	12.7
<b>2006</b>	1.4	2.4	3.8	3.2	9.4	10.7
<b>2007</b>	1.2	2.2	4.0	4.6	12.1	12.3
<b>2008</b>	1.5	2.7	4.0	2.8	10.2	12.0
<b>2009</b>	1.4	2.3	3.3	3.6	11.3	13.6
<b>2010</b>	1.2	2.5	4.2	3.7	7.9	12.2
<b>2011</b>	1.7	4.4	4.1	3.7	11.8	12.0
<b>2012</b>	1.5	2.9	4.3	4.5	11.8	12.1
<b>2013</b>	2.1	2.9	4.9	3.7	12.8	13.3
<b>2014</b>	2.2	2.9	5.9	4.5	17.7	13.4
<b>2015</b>	2.0	2.9	5.4	3.7	12.6	12.7
<b>2016</b>	1.8	3.4	6.4	4.0	10.8	13.7
<b>2017</b>	1.6	5.1	5.2	4.5	14.2	14.0
<b>2018</b>	2.2	3.1	6.5	5.0	16.3	13.8
<b>2019</b>	1.3	2.9	5.8	5.7	13.9	16.0
<b>2020</b>	2.4	2.9	6.8	5.6	15.5	15.0
<b>2021</b>	2.6	4.1	5.5	4.8	16.1	14.6
<b>2022</b>	2.2	5.0	6.1	4.7	17.3	16.2
<b>2023</b>	1.5	4.5	5.4	4.7	17.2	16.0
<b>2024</b>	1.6	5.0	5.7	5.3	15.1	15.0

Source for Annex Table 3: R Wilkins, The estimates are all produced by Roger Wilkins using Release 24.0 of the HILDA Survey (General Release), 2026.

# ASSESSMENT OF GOVERNMENT RESPONSES TO THE ECONOMIC INCLUSION ADVISORY COMMITTEE'S RECOMMENDATIONS



**In its first three reports the Committee made a total of 40 recommendations, of which:**

- **6 have been implemented in full.**
- **23 are still live and have been implemented in part.**
- **11 have not yet been advanced.**

Three substantial, still live recommendations from reports 1 to 3 are advanced and updated in this report:

- In all three reports, the Committee has called for the Government to commit to a timeframe for full increases in JobSeeker and related payments. (R3 2023, R2 2024, R2 2025) If the increases are to be staged, Recommendation 2 in this report sets lifting payments in four stages and models the cost.
- In all three reports, the Committee recommends the Government commit to a full-scale redesign of Australia's employment services system to end harm caused by the compliance system. (R4 2023, R6 2024, R7 2025) Recommendation 10 in this report calls for the full abolition of the Targeted Compliance Framework and its replacement with a model based on the principle of positive engagement, not punitive enforcement.
- In reports 1 and 2 (2023, 2024) the Committee called for reform of the way FTB A interacts with the Child Support Scheme. (R33 2023, R15 2024) Recommendation 8 of this report calls for a comprehensive modernisation of the objectives of the Family Payments and Child Support Scheme to guide further reform - these include reducing child poverty and improving economic security for women.



## 7.1 ADEQUACY OF WORKING AGE PAYMENTS AND RENT ASSISTANCE

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Base rates:</b> The Government commit to a substantial increase in the base rates of JobSeeker Payment and related working age payments as a first priority. (R1 2023, R1 2024, R1 2025)</p>	<p>In the 2023-24 Budget, the Australian Government made real increases to working age and student payments by at least \$40 per fortnight, and expanded eligibility to PPS to single parents with a youngest child under 14 years resulting in 90,000 single parents moving from the lower-paid JobSeeker Payment to PPS.</p> <p>In the 2024-25 Budget, the Government extended the higher rate of JobSeeker Payment (\$866 per fortnight from 20 March 2026) and Energy Supplement (\$9.50 per fortnight from 20 March 2026) to single recipients with an assessed partial capacity to work of less than 15 hours per week, recognising the additional barriers to employment that these recipients face.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Timeframe:</b> The Government commit to a timeframe for the full increases of JobSeeker and related payments to be implemented, if increases are to be staged. (R3 2023, R2 2024, R2 2025)</p>	<p>Nil</p>	<p><b>Recommendation still live, awaiting a response</b></p>
<p><b>Indexation:</b> The Government improve the adequacy of indexation of working-age payments immediately and regularly reviews and monitors the relationship between working age payments levels and widely accepted measures of community living standards, including wages. (R3 2024, R3 2025)</p>	<p>Nil</p>	<p><b>Recommendation still live, awaiting a response</b></p>
<p><b>Commonwealth Rent Assistance:</b> The Government commit to increase Commonwealth Rent Assistance (CRA) to address the long-term reduction in adequacy and better reflect contemporary rents paid. (R2 2023, R5 2024, R4 2025)</p>	<p>Since March 2022, maximum rates of CRA have increased by over 50%, including CPI indexation. In the 2024-25 Budget the Government announced \$1.9 billion over the 4 years of the forward estimates to increase the maximum rates of CRA by 10%. This increase followed the 2023-24 Budget measure of a 15% increase.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Remote Area Allowance:</b> Immediately increase the Remote Area Allowance (RAA), fund the Australian Bureau of Statistics to research remote area costs in partnership with remote communities to develop a remote area index that will guide ongoing indexation of the Remote Area Allowance, and review and adjust the payment's geographic boundaries (R4 2024, R5 2025)</p>	<p>Nil</p>	<p><b>Recommendation still live, awaiting a response</b></p>

## 7.2 FULL EMPLOYMENT, AND REDUCING BARRIERS TO EMPLOYMENT AND PARTICIPATION

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Full employment:</b> The Government commit to an appropriate full employment target for labour utilisation, based on recent labour market outcomes, at a rate of unemployment close to 3.5 per cent.</p> <p>The Government commit to a full employment objective:</p> <ul style="list-style-type: none"> <li>• As a critical means of maximising economic inclusion.</li> <li>• Receiving increased weight in the design of macroeconomic policy – both monetary and fiscal.</li> <li>• Including a target for labour utilisation that encompasses both unemployment and underemployment; ideally expressed as a (hours-based) rate of labour underutilisation.</li> <li>• Incorporating the objective of achieving high rates of labour utilisation for specific groups who face high barriers to employment and economic inclusion.</li> </ul> <p>The Government explore broadening the full employment objective to encompass issues of job quality, for example, for inclusion in the set of Wellbeing Indicators for the 2023-24 Budget and through the Employment White Paper process. That, similarly, the House Select Committee inquiry into Workforce Australia Employment Services takes a broad perspective on the objectives of the employment services system. (R5-10 2023)</p>	<p>The Employment White Paper articulates a commitment to full employment. So too does the Statement on the Conduct of Monetary Policy, which clarifies that the Reserve Bank’s mandate for monetary policy is to contribute to both price stability and full employment.</p> <p>The Employment White Paper does not specify a numerical target for full employment but rather recommends a “broad suite of measures to gauge the extent of current underutilisation and track progress towards the longer-term full employment objective”. By calling for a suite of measures, the White Paper shifts policymaking towards the Committee’s recommendation, and away from basing policy on a target based on unemployment alone. The Government has committed to invest in significantly improving the data available to measure underemployment, variation in employment outcomes across cohorts and barriers to work.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Employment services reform:</b> The Government commit to a full-scale redesign of Australia’s employment services system. Priority action items include:</p> <ol style="list-style-type: none"> <li>a. Commit to a timeframe to achieve comprehensive reform and consider a new legislative framework for Australia’s employment services system, aligning reforms to Workforce Australia Employment Services, Disability Employment Services, and the Remote Jobs Program.</li> <li>b. End harm caused by the compliance system. (R4 2023, R6 2024, R7 2025)</li> </ol>	<p>The Government has committed to reforming the employment services system and has taken incremental steps towards larger scale reform.</p> <p>In the 2024-25 Budget, the Government announced initial changes to mutual obligation requirements and enhanced safeguards for participants. This included better recognising individuals’ circumstances, by ensuring requirements are more appropriately applied to unemployment payment recipients, especially to those with a limited capacity – such as those with an assessed partial capacity to work, people aged 55 years and over, principal carer parents and those in receipt of Carer Allowance (who are predominately female). The Strengthening the Integrity of Employment Services measure was also announced to enhance safeguards for participants. This includes extended resolution time for missed requirements (from two to five business days), a grace period for new participants, no payment holds for those working 30 hours per fortnight who miss appointments and individuals no longer being able to self-accept penalties.</p>	<p><b>Recommendation advanced in part</b></p>

In the 2024-25 Mid-Year Economic and Fiscal Outlook (MYEFO), the Government announced an extension of the Local Jobs Program to 30 June 2027. The extension continues the delivery of tailored, place-based responses to local labour market needs across 51 Employment Regions.

In 2025 the Government committed, in partnership with the Victorian government, \$2.5 million to establish the Dandenong Employment Hub and extend funding for the Thrive Hubs to support increased connections between local employers, job seekers and communities.

The Parent Pathways service was established in direct response to recommendations from the House of Representatives Select Committee on Workforce Australia Employment Services, the Economic Inclusion Advisory Committee and the Women's Economic Equality Taskforce, replacing ParentsNext with a voluntary preemployment service.

For people with a disability, the new Inclusive Employment Australia program, which commenced on 1 November 2025, includes a new approach for job seekers to meet their mutual obligation requirements by focusing on meaningful engagement.

Remote employment is being reformed through the Remote Australia Employment Service, which started on 1 November 2025, and the Remote Jobs and Economic Development (RJED) program which is creating new jobs in remote communities to support income support recipients move into paid work. On 12 February 2026, the Government announced a doubling of the number of jobs available in the RJED program, with 6,000 jobs to be created by 2030.

As at January 2026, the National Indigenous Australians Agency reported more than 1,700 jobs have been approved for funding through the first two RJED grant rounds.

In the 2025-26 MYEFO, the Government announced new funding for safeguards in relation to decisions taken under the Social Security (Administration) Act 1999 that may reduce or cancel a person's social security payment. This includes funding for compensation for people who experienced detriment as a result of unlawful payment cancellations decisions. This measure will implement human decision-makers as a key part of the decision making process. Once implemented, job seekers' individual circumstances will be comprehensively considered before any decision to reduce or cancel their income support payment for mutual obligation failures.

**COMMITTEE RECOMMENDATION (SUMMARISED)**

**End immediate harms:** The Government take immediate actions to end automatic payment suspensions and the damaging effects of current settings while broader reforms are progressed, including by:

- c. Tripling the Liquid Assets Waiting Period (LAWP) amount threshold, consistent with increases in inflation and its relativity to payments, and have a single waiting period of four weeks, and reconsidering the need for the LAWP given the complexity it adds to the system when there are already income and asset tests in place.
- d. Reviewing the role of sickness allowances, the length for which medical exemptions are granted and the process to obtain them, and eligibility for the Disability Support Pension (DSP). (R7 2024)

**Reform compliance framework:** The Government reform aspects of the compulsory activation and compliance framework within the social security system that are at odds with its proposed mandate to support economic inclusion and wellbeing. This will require the systematic improvement of many practices over time. A priority focus should be on rethinking processes and rules that risk harmful effects on people who are more at risk – such as people with long-term barriers to employment who rely on the JobSeeker Payment. The Government should establish co-design, feedback and consultation structures with people directly affected and other stakeholders to inform the program of reform. (R19 2024)

**RELEVANT GOVERNMENT ACTIONS**

Additional safeguards announced as part of the 2025-26 MYEFO will ensure human decision-makers comprehensively consider a participant's circumstances before any decision to reduce or cancel their social security payments is made for mutual obligation failures. This will include taking into account factors such as the risk of homelessness, a person's experiences of family or domestic violence, and other barriers to meeting mutual obligations requirements. Social security payment reductions and cancellations remain paused while implementation of this measure is occurring and will not resume unless and until it can be clearly demonstrated that the process to support decision making complies with the law. These changes build on the investment made in employment services as part of the 2024-25 Budget.

In the 2024-25 Budget the Government announced changes to employment services to better recognise individual circumstances and strengthen the integrity of employment services, including to:

- Extend the time period for people to re-engage with their employment services provider from two to five business days to avoid suspension of their income support payment.
- Waive compliance measures the first time a person does not meet a mutual obligation requirement.
- Remove payment suspensions for failing to attend an appointment at an employment services provider for people who are working 30 hours or more per fortnight.
- Ensure application of financial penalties is approved by an APS decision maker.
- Strengthen the complaints mechanism for people who use employment services.
- Determine the period of a person's medical exemption from mutual obligations based on a medical practitioner's assessment, rather than a set limit of 13 weeks.

In addition, from 10 March 2025, the maximum length of a medical exemption for participation requirements for DSP recipients aged under 35 years increased from 13 weeks to 24 months.

No more fundamental changes to the compliance system have been made, and no changes have been announced relating to the Liquid Assets Waiting Period, sickness allowance, or eligibility for the DSP.

**ASSESSMENT OF PROGRESS**

**Recommendation advanced in part**

**Recommendation advanced in part**

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Work limit rules:</b> The Government relax work limit rules on payments to encourage and enable workforce participation, particularly for people who have fluctuating or episodic conditions or caring responsibilities, including by:</p> <p>a. Removing the 30 hour per week work limit for DSP recipients.</p> <p>b. Adjusting the 25-hour participation rule for the Carer Payment to give carers greater flexibility to undertake paid work, by:</p> <ul style="list-style-type: none"> <li>• Changing the 25 hours per week work participation limit to an allowance of 100 hours over four weeks and applying the participation limit only to employment (not study, volunteering or transport time).</li> <li>• Suspending, rather than cancelling, the Carer Payment where a carer exceeds participation hours or earnings limit.</li> <li>• Allowing the single Temporary Cessation of Care days provision to be applied to one-off or occasional instances of exceeding the participation hours limit. (R9 2024)</li> </ul>	<p>In the 2024-25 Budget, the Government announced \$18.6 million over five years to change the 25 hour per week participation rule for Carer Payment recipient to 100 hours over a 4 week settlement period and removing education and volunteering activities from the participation limit. These changes took effect from 20 March 2025.</p> <p>No changes have been made to the DSP work limit.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Working Credit:</b> The Government changes Working Credit settings that have not been updated since 2003, to bring the Working Credit system closer in line with other employment credit schemes such as the Pension Work Bonus and help smooth the transition to work. (R8 2024)</p>	<p>Nil</p>	<p><b>Recommendation still live, awaiting a response</b></p>

## COMMITTEE RECOMMENDATION (SUMMARISED)

**Local Jobs Deals framework:** The Government should set out a Local Jobs Deals framework to guide future decision making and resourcing by governments, industry, the community sector and philanthropy. This framework should build on work underway through the Net Zero Economy Taskforce, Employment White Paper, Local Jobs Program, the House Select Committee inquiry into Workforce Australia Employment Services, and employment initiatives priorities under the Closing the Gap Implementation Plan.

The Government commit to an innovation, evaluation and strategic learning framework to be designed as an intrinsic part of any Local Jobs Deals framework to support agile development of localised schemes and the wider framework to support them. The evaluation strategy should be fully funded and should be developed simultaneously with program design. (R17-18 2023)

## RELEVANT GOVERNMENT ACTIONS

In the 2024-25 MYEFO, the Government committed \$62.6 million (to June 2027) to extend and improve the Local Jobs Program. This included developing an evaluation data framework for place-based employment services initiatives, to enhance the standard for evaluating system impacts and inform future place-based employment programs and activities.

In 2025 the Government committed, in partnership with the Victorian government, \$2.5 million to establish and deliver the Dandenong Employment Hub to operate until 30 June 2029 and extend funding for the Thrive Hubs to support increased connections between local employers, job seekers and communities.

The 2024-25 Budget committed \$134.2 million over four years to support workers and communities impacted by the net zero transition, through the development of Regional Workforce Transition Plans, a Transitioning Workforce Fund, and Regional Workforce Transition Officers in key regions.

The Jobs and Skills Regional Roadmap (Roadmap) is currently in development by Jobs and Skills Australia, which provides an enduring, shared and overarching framework that empowers stakeholders to work collaboratively to enhance the equity, effectiveness and efficiency of the jobs and skills system across Regional Australia both now and into the future.

## ASSESSMENT OF PROGRESS

**Recommendation advanced in part**

## COMMITTEE RECOMMENDATION (SUMMARISED)

**Aboriginal and Torres Strait Islander housing:** The Government urgently commit substantial investment to address need in public housing and homelessness for Aboriginal and Torres Strait Islander peoples, including maintenance and upgrades, community infrastructure and the Aboriginal and Torres Strait Islander housing sector.

To improve the economic efficiency of investments, the Government should fund a National Aboriginal and Torres Strait Islander Housing Data Register to improve data availability, quality and sharing.

To better target existing investment, including from the Housing Australia Future Fund and Social Housing Accelerator Fund, the Government should:

- a. Negotiate improved performance reporting and data sharing within intergovernmental agreements and arrangements.
- b. Undertake rapid needs assessments of homelessness and overcrowding, maintenance, repair and community infrastructure requirements in remote hotspot areas.

Commission a redesigned Community Housing Infrastructure Needs (CHINS)-like survey, which considers limitations of earlier iterations and subsequent advancements in data collection. (R10 2024)

## RELEVANT GOVERNMENT ACTIONS

The Government has committed to a range of actions to improve housing outcomes for Aboriginal and Torres Strait Islander people, as well as related data improvements. Key initiatives include:

- Round 3 of the Housing Australia Future Fund (HAFF), includes a dedicated First Nations package which includes \$60 million in dedicated funding for projects delivered by, or in genuine partnership with, First Nations housing organisations, a 10% tenancy target across all social housing delivered under the round, the establishment of a First Nations Concierge Service, and updates to the Housing Australia Investment Mandate to embed Closing the Gap priorities.
- \$2 billion, matched by the Northern Territory government, for a total commitment of \$4 billion over 10 years from 2024–25 to deliver housing in remote NT communities, aiming to halve overcrowding, and a property and tenancy management program to ensure houses are appropriately maintained.
- \$220 million over 5 years from 2022-23 to deliver urgent repairs and maintenance to essential infrastructure and existing housing to extend its life span on Northern Territory homelands.
- \$200 million over 5 years from the HAFF for the repairs, maintenance, and improvements of housing in remote Indigenous communities in Western Australia, South Australia, Queensland, and the Northern Territory.
- The \$9.3 billion 5-year National Agreement on Social Housing and Homelessness, which requires states and territories to establish Partnership Bodies to share decision-making on decisions that predominantly affect Aboriginal and Torres Strait Islander people.
- Investing \$6 million to extend the Housing Policy Partnership for 2 years from 2026-27.

## ASSESSMENT OF PROGRESS

**Recommendation still live, awaiting a response**

## 7.3 SUPPORTING CHILDREN AND FAMILIES

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Abolish ParentsNext:</b> The Government abolish the ParentsNext program. Its resources should be redirected to a co-designed set of voluntary support programs, alongside a fully funded evaluation strategy to inform ongoing service improvements. (R32 2023)</p>	<p>ParentsNext was abolished on 31 October 2024, and replaced by Parent Pathways, a new voluntary pre-employment service for parents of young children.</p>	<p><b>Recommendation adopted</b></p>
<p><b>Wages for early childhood workforce:</b> Support applications in the Fair Work Commission that seek to raise the wages and improve the job quality of early childhood educators. As a step to remedying historical undervaluation of educators' work, ensure that the outcomes of these cases are fully funded. (R13 2024)</p>	<p>On 8 August 2024, the Government announced it will support a wage increase for the early childhood education and care workforce for 2 years through a new WRP.</p> <p>The WRP, which started in December 2024 and runs for 2 years, will support a wage increase of:</p> <ul style="list-style-type: none"> <li>• 10% on top of the then current national award rate in the first year.</li> <li>• 15% above the then current national award rate in the second year.</li> <li>• A minimum of 20% towards eligible on costs.</li> </ul> <p>The payment is on top of the 3.75% increase to award wages that started on 1 July 2024 following the 2024-25 annual wage review.</p> <p>On 10 December 2025, the Fair Work Commission issued its decision to increase minimum wage rates for the early childhood workforce covered by the <i>Children's Services Award 2010</i>.</p>	<p><b>Recommendation adopted</b></p>

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Early Childhood system reforms:</b> The Government should work with states and territories to implement planning, budgeting and administration reforms to integrate child and maternal health, disability, and early learning services more effectively. These reforms should include a place-based capacity to plan and commission services locally and should extend delivery of holistic early years hub models. The first priority should be to address needs in underserved communities. (R21-22 2023, R11&amp;R14 2024, R8 2025)</p>	<p>On 30 January 2026, the federal and state governments committed to jointly contribute \$4 billion over 5 years to implement the first phase of Foundational Supports, known as ‘Thriving Kids’. This investment will support children aged 8 and under with developmental delay and/or autism with low to moderate support needs, and their families, carers and kin. At least \$1.4 billion of the Government’s \$2 billion contribution will be provided as direct funding to states for Thriving Kids services. From 1 October 2026, children with developmental delay and/or autism with low to moderate support needs will start to access support through Thriving Kids. The model advanced by the Thriving Kids Advisory Group proposes strengthening of capability and delivery through universal settings such as replace with Early Childhood Education and Care (ECEC) services and schools. Responsibility for implementation of the Thriving Kids model has been allocated to state and territory governments.</p> <p>On 4 May 2024, the Government’s Early Years Strategy was launched. Its <i>Priority Focus Area 4: Strengthen Accountability and Coordination</i> sets out actions for better integration, collaboration and coordination with Government partners, including state, territory and local governments, service providers, and philanthropic partners and communities.</p> <p>On 11 December 2024, Government announced its Building Early Education Fund (Building Fund) to build or expand early childhood education and care services in areas of need. The Building Fund includes a \$100 million coinvestment in integrated services with the Investment Dialogue for Australia’s Children. The integrated services projects may bring together:</p> <ul style="list-style-type: none"> <li>• Early learning</li> <li>• Child and maternal health services</li> <li>• Family and community support.</li> </ul>	<p><b>Recommendation advanced in part</b></p>
<p><b>Shovel-ready pipeline:</b> The Government commit to establish a forward program of projects creating a pipeline of shovel-ready capital and services projects that can be accelerated in the event that economic stimulus is required in a future downturn. (R23 2023)</p>	<p>Nil</p>	<p><b>Recommendation still live, awaiting a response</b></p>

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Aboriginal Child and Family Centre model:</b> The Government work with the Secretariat of National Aboriginal and Islander Child Care and other First Nations stakeholders to re-invigorate, re-fund and expand the Aboriginal Child and Family Centre model, learning the lessons of past successes and challenges. This should include a robust evaluation strategy and funding which is linked to outcomes. (R24 2023)</p>	<p>An independent National Commission for Aboriginal and Torres Strait Islander Children and Young People became operational on 13 January 2025. The National Commissioner protects and promotes the rights, interests and wellbeing of Aboriginal and Torres Strait Islander children and young people in advice to Government and collaborates with key stakeholders to enhance collective impact and drive systematic reform.</p> <p>In the 2024-25 MYEFO, the Government committed \$70.4 million in a twoyear investment into First Nations early childhood development initiatives, to extend funding for 188 activities.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Closing the Gap – early childhood:</b> The Government progress all actions from the Closing the Gap Implementation Plan relating to early childhood. (R26 2023)</p>	<p>The Government continues to progress the Closing the Gap Implementation Plan with more to do in the coming years. The Closing the Gap Commonwealth Annual Report 2025 and Commonwealth Implementation Plan 2026 outline what has been delivered in 2025 and its priorities for 2026.</p> <p>The Productivity Commission’s latest data on Closing the Gap shows that 4 out of 19 targets are currently on track, and 6 are improving, including target 3 - Children are engaged in high quality, culturally appropriate early childhood education in their early years.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Early childhood funding:</b> The proposed Early Childhood Service Delivery Price should consider the limitations of the current demand-side childcare subsidy scheme and the potential benefits of introducing supply-side funding elements for early childhood funding. Modelling of future ECEC service costs should account realistically for high quality provision, inclusion support, joined up delivery with maternal and child health, and more intensive support models in the communities where they are needed most. (R31 2023, R12 2024, R9 2025)</p>	<p>The Government is considering the findings and recommendations of the Productivity Commission inquiry alongside those of the ACCC inquiry and has not yet released a formal response.</p> <p>From 5 January 2026, the Government replaced the existing Child Care Subsidy (CCS) Activity Test with the 3 Day Guarantee, guaranteeing CCSeligible families an entitlement to at least 72 hours of subsidised ECEC per fortnight. Families caring for a First Nations child will be eligible for 100 hours of subsidised ECEC per fortnight for each First Nations child.</p> <p>As part of the 2024-25 MYEFO, the Government committed \$10.4 million over three years for the development of the <i>Early Education Service Delivery Prices</i> project, to provide a data-driven understanding of the reasonable costs of quality ECEC service delivery. The extent to which this project responds to the recommendation is not known at this time.</p>	<p><b>Recommendation advanced in part</b></p>

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>3 Day Guarantee:</b> The Government should work with states and territories to integrate free access to pre-school for 3 and 4 year olds with the new national entitlement (3 Day Guarantee) proposed for the early education system, turning the Preschool Reform Agreement (which expires in 2025) into the Early Childhood Reform Agreement. (R10 2025)</p>	<p>From 5 January 2026, the CCS activity test was replaced by the 3 Day Guarantee. All CCS eligible families can access at least 72 hours of subsidised early childhood education and care per fortnight, and 100 hours per fortnight applies in specified circumstances including for First Nations children. The Government will invest \$431.1 million over five years from 2024-25, including implementation cost for Services Australia. This change means 100,000 more families will be eligible for additional hours of subsidised care.</p> <p>The Preschool Reform Agreement has been extended until the end of 2027. It supports the delivery of 15 hours of a high-quality preschool program per week for children in the year before full-time school. Education Ministers have also agreed to work together on future reforms beyond the end of the extended Agreement, consistent with building a quality, universal early education and care system.</p>	<p><b>Recommendation adopted</b></p>
<p><b>Family Tax Benefit:</b> The Government remove the Maintenance Income Test (MIT) from the calculation of Family Tax Benefit Part A (FTB A) for child support customers. Affected families should be provided with a similar amount of family benefits as would have resulted under the MIT. (R33 2023, R15 2024)</p>	<p>As part of the Government’s response to the Family Law Inquiry, DSS has established the Child Support Expert Panel and the Child Support Stakeholder Consultation Group. The expert panel and consultation group will have a role in the department’s work to examine interactions between FTB and the Child Support Scheme.</p> <p>In 2023, the Government passed legislation to improve collection of unpaid child support and make child support assessments more accurate. The Government is overseeing several reviews to inform the long-term operation of the Child Support Scheme. These reviews include a close examination of compliance, with a focus on income accuracy (including tax lodgement), as well as collection and enforcement.</p> <p>DSS and Services Australia are working to implement key recommendations from the Commonwealth Ombudsman’s <i>Weaponising Child Support</i> report and is implementing operational improvements to strengthen the identification, investigation and management of financial abuse within the Child Support Scheme.</p>	<p><b>Recommendation still live, awaiting a response</b></p>

## 7.4 ADDRESSING DISADVANTAGE IN THE PLACES WHERE IT IS CONCENTRATED

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>National energy transition framework and authority:</b> The Government establish an independent and properly resourced National Energy Transition Authority to manage an orderly and fair transition process for workers in emissions intensive industries and impacted communities to support economic and social inclusion - that has governance of governments, industry, community and unions.</p> <p>The Government establish a national framework to manage an equitable and inclusive energy transition for people experiencing poverty and disadvantage, including coordination, monitoring and recommending reforms to reduce energy inequity and stress, promote access to household electrification, efficiency and renewable energy, and other measures to ensure people experiencing disadvantage benefit from the transition. (R19-20 2023)</p>	<p>The Net Zero Economy Authority officially commenced on 11 December 2024. The Net Zero Economy Authority focuses on facilitating investment, supporting workers, fostering inclusive engagement, and ensuring coherent and effective policies to empower communities, regions, and industries significantly impacted by Australia’s transition to a net zero emissions economy. Since its commencement, the Net Zero Economy Authority has notably assessed the closures of Eraring, Yallourn, Collie and Muja power stations to understand the impacts of these closures on workers, businesses and the local community. The Net Zero Economy Authority is assessing whether an Energy Industry Jobs Plan is needed to help the workers directly impacted by these closures to prepare for and find their next job, to ultimately support a positive and orderly transition.</p> <p>The Net Zero Economy Authority is also developing regional industrial transition plans for the Hunter, Latrobe, central Queensland and Collie, as part of its work to support those regions. These plans are intended to provide a basis for setting out priority actions needed to support industrial growth and diversification, and the Government programs and facilities that can potentially address those actions.</p>	<p><b>Recommendation adopted</b></p>
<p><b>Aboriginal Community Controlled Organisations:</b> The Government continue to build support for Aboriginal Community Controlled Organisations (ACCOs), so these multidisciplinary service models are led by Aboriginal and Torres Strait Islander organisations and create a dedicated fund to support ACCO-led innovation, monitoring and evaluation. (R25 2023)</p>	<p>Support for ACCOs remain a priority under Closing the Gap with ‘Building the Community-Controlled Sector’ as the second Priority Reform. To help Close the Gap, the Government is also working to identify ways the Building Early Education Fund can increase early learning delivered by Aboriginal Community Controlled Organisations.</p> <p>The National Child and Family Investment Strategy (Investment Strategy) is a whole-of-government framework involving all governments agreeing to shift investment towards the ACCO sector, and to early and targeted supports for children and families.</p> <p>The Closing the Gap Commonwealth Annual Report 2025 and Commonwealth Implementation Plan 2026 outlines what has been delivered in 2025 and its priorities for 2026.</p>	<p><b>Recommendation adopted</b></p>

## COMMITTEE RECOMMENDATION (SUMMARISED)

**Evidence, evaluation and learning:** The Government commit to a whole-of-government strategic learning framework to coordinate evidence, evaluation, learning, innovation and adaptive decision-making. This includes leading cross-jurisdictional efforts to ensure data held by all levels of government is made readily available to inform and evaluate place-based approaches. (R29 2023)

## RELEVANT GOVERNMENT ACTIONS

DSS and Treasury are developing a framework to support community change. The framework explains how Government can work more closely with communities to deliver better outcomes. It provides tools and resources to help Government partner with communities and other stakeholders, support innovative funding solutions and improve how data is used and shared to respond to community needs. The framework resources are expected to be published online in 2026.

The Australian Centre for Evaluation (ACE) was established to help put evaluation evidence at the heart of policy design and decision-making, and the ABS is leading the Life Course Data Initiative as a component of the Targeting Entrenched Disadvantage package.

Partnerships for Local Action and Community Empowerment (PLACE) is a national organisation established to support and enable community-led, place-based approaches to addressing social and economic challenges in communities and disrupting entrenched disadvantage. The Government has committed \$19.31 million over five years to PLACE, matched by the five philanthropic co-funders.

The Government's \$100 million Outcomes Fund commenced in 2024<sup>25</sup> with an Expression of Interest process inviting proposals from state and territory governments. The Outcomes Fund will operate for up to ten years and will drive more innovative approaches and solutions to complex social issues, in partnership with jurisdictions, service providers and philanthropy. It will make payments to states, territories and service providers to deliver projects that address entrenched disadvantage in three key areas including improving outcomes for Australian children and families, supporting those experiencing barriers to employment, and supporting people facing homelessness through improved access to services.

## ASSESSMENT OF PROGRESS

**Recommendation adopted**

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Funding certainty and whole-of-government framework:</b> The Government provide long-term certainty around funding provision for place-based strategies, with a priority on ensuring operational continuity for successful existing initiatives.</p> <p>The Government agree to a whole-of-government policy and investment framework for place-based initiatives, informed by an audit of current place-based initiatives and their funding, administrative and support arrangements across different levels of government and philanthropy. This work should also embrace the priorities set out by the Closing the Gap Implementation Plan. (R11-12 2023)</p>	<p>Various measures in the Targeting Entrenched Disadvantage package, including a framework to support community-led change resources, will likely go some way to addressing the issue of funding certainty and coordination of investment for place-based work, along with the PLACE.</p> <p>Extensions to place-based partnerships under the Stronger Places, Stronger People initiative includes a four-year funding agreement and 10 years of total committed funding to 2029.</p> <p>The Closing the Gap Commonwealth Annual Report 2025 and Commonwealth Implementation Plan 2026 outlines what has been delivered in 2025 and its priorities for 2026.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Data infrastructure:</b> The Commonwealth and state and territory governments should proceed with the creation of key enabling infrastructure such as a Community Data Asset to inform decision-making and measure progress. This Community Data Asset might best be developed leveraging the National Disability Data Asset which should be fully funded and progressed without delay. The voices and agency of people in communities should be reflected in the design and implementation of data strategies. The data initiatives underway via the Closing the Gap Implementation Plan should be supported and linked where appropriate. (R13 2023)</p>	<p>The ABS-led Life Course Data Asset will make a valuable contribution to building cross government data sharing capability. The National Disability Data Asset, which will complete its initial establishment phase in 2026, will be a potential source for key data sources in the longer-term.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Shared local decision-making and investment:</b> The Government progress two key administrative instruments to support place-based strategies. (R14 2023)</p>	<p>There are processes currently underway that aim to progress shared local decision-making and coordination, including:</p> <ul style="list-style-type: none"> <li>• The Closing the Gap Implementation Plan</li> <li>• The Targeting Entrenched Disadvantage Package (and resources developed as part of the framework to support community-led change) Program level work through partnering approaches such as Empowered Communities and Stronger Places Stronger People</li> <li>• PLACE</li> <li>• First Nations Economic Partnership.</li> </ul>	<p><b>Recommendation advanced in part</b></p>
<p><b>Innovation zones:</b> The Government create “Innovation zones” in partnership with a select number of communities to allow trial and learning of new social and economic development strategies, including as part of the Employment White Paper and Early Years Strategy. This opportunity should also be open to First Nations communities if it is of value to them. (R15 2023)</p>	<p>The Government has committed to developing “innovation zones” in three of 50 communities in which it delivers place-based funding. The trials will be able to explore how to transform funding models to achieve better community outcomes.</p>	<p><b>Recommendation advanced in part</b></p>

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Evaluation:</b> The Government commit to systematic developmental and summative evaluation of all existing and new place-based strategies. Funding should be re-allocated from things that do not work to things that do, so that approaches that are found to deliver the best outcomes can be scaled up. (R16 2023)</p>	<p>ACE was established to help put evaluation evidence at the heart of policy design and decision-making. A new national organisation known as PLACE, announced on 30 October 2024, will also play a role in promoting the exchange of research, tools and practices relating to placebased approaches.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Public service capability:</b> The Government review public service capability to deliver a place-based agenda and an appropriate skilling and workforce development program be introduced. This review should consider what arrangements, tools, capacity and resources are required for effective policy-to-practice implementation, including in cross departmental governance and coordination. (R30 2023)</p>	<p>Resources developed as part of the framework to support community-led change will help build APS capability to put community voice at the centre of policy and service design and aligning investment to achieve better social and economic outcomes.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Priority Investment Approach:</b> The Government commit to use actuarial and whole-of-society modelling such as the Priority Investment Approach to underpin long-range investment in alleviation strategies, with returns tracked and savings through cost avoidance reported. (R28 2023)</p>	<p>Nil</p>	<p><b>Recommendation still live, awaiting a response</b></p>

## 7.5 THE CULTURE, PURPOSE AND INTENT OF THE SOCIAL SECURITY SYSTEM

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Mandate for social security system:</b> The Government adopt a refreshed mandate for Australia’s social security system and that this mandate should be to promote economic inclusion and wellbeing. (R16 2024)</p>	Nil	<p><b>Recommendation still live, awaiting a response</b></p>
<p><b>Guiding principles for social security system:</b> The Government adopt a set of guiding principles to support an ongoing process of renewal in culture and practice across the social security system. These guiding principles should align with the system’s primary purpose to support economic inclusion and wellbeing. The Committee proposes that these principles be:</p> <ul style="list-style-type: none"> <li>• Adequacy</li> <li>• Dignity and autonomy</li> <li>• Equity and fairness</li> <li>• Accountability and acting on evidence</li> <li>• Person-centredness</li> <li>• A safety net for all. (R17 2024)</li> </ul>	Nil	<p><b>Recommendation still live, awaiting a response</b></p>
<p><b>Language guidance:</b> The Government regularly update language guidance with respect to people receiving income support and that terms like “dole” and “welfare” are replaced in legislation. This language guidance should be extended as a requirement for contracted service providers who engage with people receiving income support and incorporated into their performance and contract review framework. (R18 2024)</p>	The Government is updating language, accounting for outcomes of recent inquiries such as the Royal Commission into the Robodebt Scheme.	<p><b>Recommendation advanced in part</b></p>
<p><b>Lived experience:</b> People with current, direct experience of receiving income support and/or economic exclusion be members of the Economic Inclusion Advisory Committee. Attention must be given to ensuring there is sufficient representation of different experiences in the Membership. (R20 2024)</p>	The <i>Economic Inclusion Advisory Committee Act 2023</i> sets out the requirements for appointments to the Committee and requires the Minister for Social Services to have regard to the Committee reflecting the diversity of the general community.	<p><b>Recommendation advanced in part</b></p>

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Timely access to payments:</b> The Government revise strategies that delay access to payments for those who need them by addressing the underlying policy, legislative and resourcing drivers of these delays. This should include:</p> <ul style="list-style-type: none"> <li>a. Taking urgent action to reduce wait times for claims.</li> <li>b. Reconsidering the need and rationale for waiting periods for payments that currently attract them. (R21 2024)</li> </ul>	<p>In the 2024-25 Budget, the Government committed \$2.8 billion to improve the way Services Australia delivers services. This investment included \$1.8 billion over three years from 2023-24 for additional frontline staff to help stabilise Services Australia claims backlogs and services standards.</p>	<p><b>Recommendation advanced in part</b></p>
<p><b>Charter for the social security system:</b> The Government should consider a collaborative process to develop a new charter for the Australian social security system. This charter should be centred upon the proposed new mandate for the social security system to promote economic inclusion and wellbeing.</p> <ul style="list-style-type: none"> <li>a. This co-design process should involve people receiving social security payments and a broad range of other stakeholders.</li> <li>b. The Government should consider legislating the resulting statement, so it guides reform, policy development and practice long term.</li> <li>c. The charter legislation should contain mechanisms that hold public servants, political representatives and others engaged with the social security system to standards of behaviour that prevent use of stigmatising language or other forms of vilification of people receiving income support. (R22 2024)</li> </ul>	<p>Nil</p>	<p><b>Recommendation still live, awaiting a response</b></p>

## 7.6 LEGISLATED MEASURES ON ECONOMIC INCLUSION AND POVERTY REDUCTION

COMMITTEE RECOMMENDATION (SUMMARISED)	RELEVANT GOVERNMENT ACTIONS	ASSESSMENT OF PROGRESS
<p><b>Legislated poverty measures:</b> The Government legislate official poverty measures for Australia: a monetary and multidimensional measure, to be publicly reported on annually and supported by sufficient resourcing of the Australian Bureau of Statistics for the necessary data. Although a monetary measure can be set and reported on immediately, reporting should not be required on a multidimensional measure until 2028 to allow for the measure and data to be appropriately developed. (R27, 34-36 2023, R6 2025)</p>	<p>The Government does not have a national definition of poverty. However, the Government has released a national wellbeing framework – Measuring What Matters. The framework tracks progress towards a more healthy, secure, sustainable, cohesive and prosperous Australia and includes indicators of financial stress.</p>	<p><b>Recommendation still live, awaiting a response</b></p>
<p><b>Treasury responsibility for economic inclusion:</b> The Government include Economic Inclusion and Poverty Reduction in the Treasury Portfolio, with the Treasurer to be the responsible Minister for setting targets and driving whole of government implementation. (R37 2023)</p>	<p>This has not been formally specified, although the Treasury and the Treasurer have been very active in promoting the themes of economic inclusion as central considerations within Treasury’s mandate, in partnership with the Social Services portfolio.</p> <p>In August 2025, the Treasurer, the Hon Dr Jim Chalmers MP, led the Economic Reform Roundtable and was supported by other key ministers. The roundtable focused on lifting living standards for Australians by looking at three main themes:</p> <ul style="list-style-type: none"> <li>• Making our economy more productive.</li> <li>• Building resilience in the face of global uncertainty.</li> <li>• Strengthening the budget and making it more sustainable.</li> </ul>	<p><b>Recommendation advanced in part</b></p>

# APPENDICES

Access the below appendices on the DSS website.

**APPENDIX 1 - LIST OF MEMBERS**

**APPENDIX 2 - ECONOMIC INCLUSION  
ADVISORY COMMITTEE ACT 2023**

**APPENDIX 3 - ABORIGINAL AND TORRES  
STRAIT ISLANDER ECONOMIC INCLUSION  
ROUNDTABLE LETTER**

**APPENDIX 4 - INCREASING ADEQUACY  
OF JOBSEEKER AND RELATED WELFARE  
PAYMENTS: MODELLING POLICY OPTIONS BY  
AUSTRALIAN NATIONAL UNIVERSITY**

**APPENDIX 5 - EMPLOYMENT SERVICES REFORM:  
FUNDING MODEL BLUEPRINT BY TAYLOR FRY**

**APPENDIX 6 - EIAC CONSULTATIONS 2026–27:  
SUMMARY REPORT BY THE BROTHERHOOD  
OF ST. LAURENCE**

