

# Report details widespread poverty in Australia

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A new report released this week by the Australian Council of Social Service (ACOSS) detailed widespread and growing poverty rates. The findings contradict the official myth of universally rising incomes during the mining export boom in Australia, and are a devastating indictment of the Labor government and its pro-business restructuring agenda.

The 36-page ACOSS report, "Poverty in Australia," is the first in a planned series of publications on poverty and social inequality. Collating Australian Bureau of Statistics (ABS) data from 2009 and 2010, the report defined the poverty line as 50 percent of median income. This is equivalent to a disposable income of just \$358 per week for a single person. On this measure, nearly 2.3 million people or one in eight Australians live in poverty. A total of 575,000 children, one in six, are poor.

The figures are even starker when the poverty line is defined as 60 percent of median income, a measure that is widely used in OECD countries. Using this benchmark, 3.7 million people, including 869,000 children, live in poverty in Australia, equivalent to 21 percent of the population and 26 percent of children.

Prime Minister Julia Gillard and Treasurer Wayne Swan have repeatedly boasted of Australia recording 21 years of continuous gross domestic product (GDP) growth, but over this period poverty has continued to increase. The ACOSS report found that the proportion of people living in poverty rose between 2003 and 2010, by 0.3 percent. Within that period, however, there was a sharp increase between 2003 and 2007, with the overall poverty rate rising from 11.9 to 14.5 percent, then declining in the three years after that, to

12.3 percent in 2010. The downturn was not because poor people had higher incomes, but rather reflected the fewer hours worked and lower wages received overall by workers during the 2008-2009 financial crisis. This depressed the median income, in turn reducing the proportion of people under the 50 percent line.

The ACOSS report detailed the highly regressive impact of the Labor government's punitive measures against welfare recipients, including the unemployed, disabled, single parents, carers, and pensioners.

More than one-third of those relying on social security payments now live below the poverty line, including 52 percent of those on the Newstart Allowance for the unemployed, 45 percent of those receiving the Parenting Payment, and 42 percent of those on the Disability Support Pension. While living costs have escalated in recent years, the government has refused to index some social security payments to inflation, including the unemployment benefit, ensuring that jobless workers and other highly vulnerable people are worse off every year.

The unemployment Newstart benefit is now \$74 a week below the 50 percent of median income poverty line. Young people not living at home and dependent on the Youth Allowance are \$172 per week under the poverty line. The payments are so low that it is impossible for many jobless workers and young people to afford basic necessities such as food and transport. Even sections of business have demanded higher support payments, so that the unemployed can at least attend job interviews and purchase suitable work clothing.

The Gillard government has adamantly refused to heed such demands, insisting that poverty level welfare payments are necessary to “encourage” the unemployed to take whatever work becomes available. Labor is engaged in a ruthless austerity drive, aimed at slashing welfare costs and widening the pool of cheap labour for exploitation by business. It has raised the retirement age from 65 to 67, stripped young people of access to various welfare payments, imposed harsh restrictions on access to disability benefits, and targeted single mothers.

Recent legislation stripping the Parenting Payment from an estimated 100,000 single parents, placing them on the far lower Newstart benefit, will plunge more women and children into poverty. Already, as ACOSS reported, “almost half of all children living in poverty are in lone parent families.”

The report also pointed to the rising numbers of working poor. Nearly 18 percent of the poor in Australia—401,000 people—have full-time jobs. Another 15 percent of the poor—349,000 people—work part-time. Nearly one in every five part-time workers are living below the poverty line.

Social inequality in Australia has been increasing since the 1980s, in parallel with most advanced capitalist countries. Reports compiled by economists Tony Atkinson and Andrew Leigh (now a Labor MP) have shown that for most of the twentieth century, the top 1 percent was receiving less than 1 percent of total income growth, that is, the share of income earned by the ultra-wealthy shrunk from the 1910s to the 1970s. The situation has sharply transformed in the last three decades, with the richest 1 percent taking 14 percent of all personal income growth in Australia since 1980.

The mining boom has further heightened social inequality. While the working class confronts greater financial insecurity and hardship, the super-rich are reaping unprecedented personal fortunes under the Labor government’s rule.

The *Business Review Weekly*’s “Rich 200” list, released in May, noted that Australia’s 200 wealthiest individuals—approximately equivalent to the top 0.001

per cent of the population—had increased their collective wealth by 8.4 percent in the previous 12 months, to a total of \$181 billion. Mining magnates benefitting from the China-fuelled boom in mineral commodity prices led the charge, with Australia’s richest individual Gina Rinehart nearly tripling her personal wealth, from \$10 billion in 2011 to \$29 billion in 2012.

University of New South Wales professor Peter Whiteford, comparing income inequality as measured by the Gini coefficient, has noted that the mining state of Western Australia is now only marginally less unequal than the United States. In other words, in one of the centres of the mining boom, far from the incomes of everyone rising, the social gulf between rich and poor only deepened.



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