

Poverty and inequality worsening in Australia

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More than two and half million people, or nearly 14 percent of Australia's population, are living in poverty, according to a report released this month by the Australian Council of Social Service (ACOSS).

"Poverty in Australia 2014," which is based on 2011–2012 Australian Bureau of Statistics (ABS) data, paints a bleak picture of deepening poverty during the final term of the previous Labor government. This social crisis is now worsening under the current Liberal-National government, whose austerity budget measures are slashing welfare and other social spending.

The ACOSS report sheds light on the depth of the assault on welfare recipients, jobs and wages already begun by the minority Labor government, kept in office by the Greens, in the wake of the global economic breakdown that erupted in 2008.

Forty percent of social security recipients lived below the poverty line, including 55 percent of people on the Newstart unemployment allowance, 51 percent of those on Youth Allowance, 48 percent of those receiving Disability Support Pensions and 47 percent of those relying on the sole parent payment.

Also in poverty were mounting numbers of "working poor." A third of those living in poverty were from households with wages as their main income. More than half of them were working in part-time jobs. These figures point to the continual driving down of real wages and the growing prevalence of casualised employment.

ACOSS notes that 603,000 children, or 17.7 percent of all children, lived in poverty. Of these, 36.8 percent were from single parent families.

The situation facing children has deteriorated since 2012, under a Labor government agenda to force their parents into low-paying part-time or casual jobs. From January 2013, sole parents were stripped of parenting allowances and forced onto lower Newstart payments once their youngest child turned eight. Sole parents

suffered weekly incomes losses of up to \$200.

ACOSS reports an increase in the national poverty level from 13 percent in 2010 to 13.9 percent in 2012, adding nearly a quarter of a million people to the total. This was on top of an earlier rise from 2004, when the rate was 11.8 percent, by a slightly different measure.

Ironically, the poverty rate rose to 14.5 percent in 2007, then fell during 2008–09, before starting to rise again. That is largely because the poverty line is defined as 50 percent of median income, which initially dropped during the global financial crisis.

For that reason, the latest poverty data is an indicator that inequality, as well as poverty, is intensifying again as the burden of the economic crisis is shifted onto the working class, while income levels once more soar for the wealthiest layers.

The poverty line—half the median disposable (after tax) income adjusted for housing costs—translates into weekly income of just \$400 for a single person and \$841 for a couple with two children.

When the poverty line is defined as 60 percent of median income, a measure adopted by the Organisation for Economic Co-operation and Development (OECD), more than 4 million people (22 percent of the population), including 870,000 children (25.5 percent), were living in poverty in Australia in 2012.

Contrary to the myth of Australian prosperity and egalitarianism, Australia's poverty level of 13.9 percent ranked fifth worse among the 34 OECD developed countries. Only South Korea, Spain, the US, Turkey and Mexico had higher poverty rates.

Those living in poverty in Australia are often unable to meet basic living costs, let alone have full access to decent health care, education, entertainment and the other essentials of modern life. One ACOSS affiliate, the Salvation Army, reported that more than 60 percent of the people using its relief services had been forced to cut down on necessities.

ACOSS notes that during 2011–2012, the Labor government’s weekly maximum rates of the Youth Allowance for singles were \$97 below the 50 percent poverty line, and for independent young people, \$193 below the line. Parenting payments for a single parent with two children were \$20 below the poverty line, or \$70 below for sole parents not eligible for rent assistance.

By refusing to index the Newstart and youth allowances to inflation, Labor forced jobless workers into insecure part-time and low-paid jobs. As the report notes, the Newstart allowance has not been increased in real terms since 1994.

The report is an indictment of Australian capitalism and its political servants, Labor, Liberal-National and Greens alike. Speaking at the Sydney Opera House during his campaign launch for the 1987 federal election, Labor Prime Minister Bob Hawke pledged: “By 1990, no Australian child will be living in poverty.”

Far from that promise being met, the numbers of poor children continued to rise. The 20 years of uninterrupted economic growth from the early 1990s, largely based on the mining boom, benefited only the financial and corporate elite.

Today’s Abbott government is escalating the offensive on working people. An analysis of the 2014–2015 federal budget by the National Centre for Social and Economic Modelling (NATSEM) indicated average annual income losses of \$2,500 to \$3,800 for low- and middle-income families by 2017–2018. This included losses of 6.6 percent for low-income couples with children and 10.8 percent for single parents.

ACOSS, the peak group covering charities and welfare organisations, used its findings to issue an appeal to Prime Minister Tony Abbott’s government to collaborate more closely with ACOSS and its affiliates. ACOSS CEO Cassandra Goldie said the report “provides an opportunity for the government to work with the whole community to reconfigure its first budget and national policy priorities around the urgent need to address poverty in Australia.”

No such “reconfiguration” will take place. On the contrary, the government is under intense pressure from the corporate elite to step up its efforts to push through its remaining austerity measures, and the underlying agenda of abolishing “welfare entitlement.”

In the preface to the ACOSS report, David Thompson, CEO of Jobs Australia, which represents non-profit employment agencies, delivered what amounted to a warning to the political establishment: “A lack of money inspires not just shame, anxiety, and occasionally stoic resignation, but also a powerful sense that things could and perhaps should be different.”

Thompson’s comment is a pale reflection of the underlying class tensions being produced by the austerity program and the increasingly glaring social gulf between the wealthy and the rest of society.



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