

ECONOMIC INCLUSION ADVISORY COMMITTEE

2025 REPORT TO GOVERNMENT

APPENDICES

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LIST OF MEMBERS

Refer to page 161 of 2025 Report to Government



APPENDIX 2

ECONOMIC INCLUSION ADVISORY COMMITTEE ACT 2023





Economic Inclusion Advisory Committee Act 2023

No. 112, 2023

An Act to establish the Economic Inclusion Advisory Committee, and for related purposes

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Economic Inclusion Advisory Committee Act 2023

No. 112, 2023

An Act to establish the Economic Inclusion Advisory Committee, and for related purposes

[Assented to 8 December 2023]

The Parliament of Australia enacts:

Part 1—Preliminary

1 Short title

This Act is the *Economic Inclusion Advisory Committee Act 2023*.

2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this Act	The day after this Act receives the Royal Assent.	9 December 2023

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

3 Simplified outline of this Act

There is to be an Economic Inclusion Advisory Committee.

The Committee's function is to give a written report to the Joint Ministers, ahead of each Commonwealth Government budget, on matters related to the Commonwealth Government's policies, programs and responsibilities for enhancing economic inclusion and participation.

The Committee is to consist of up to 14 part-time members, including a Chair, appointed by the Minister for terms of up to 3 years.

This Act is to be reviewed every 5 years.

4 Definitions

In this Act:

Chair means the Chair of the Committee.

Committee means the Economic Inclusion Advisory Committee established by section 7.

Indigenous person means a person who is:

- (a) a member of the Aboriginal race of Australia; or
- (b) a descendant of an Indigenous inhabitant of the Torres Strait Islands.

Joint Ministers means the Minister and the Treasurer.

5 Functions or powers of Joint Ministers

If this Act gives a function or a power to the Joint Ministers, the function or power is to be performed or exercised by both Ministers jointly.

Part 2—Economic Inclusion Advisory Committee

Division 1—Introduction

6 Simplified outline of this Part

This Part establishes the Economic Inclusion Advisory Committee.

The Committee's function is to give a written report to the Joint Ministers, ahead of each Commonwealth Government budget, on matters related to the Commonwealth Government's policies, programs and responsibilities for enhancing economic inclusion and participation.

There are provisions providing for the appointment of the members of the Committee and for the terms and conditions of those members.

Committee members must include an academic social security expert and an economist, as well as members representing a range of organisations that advocate for, or provide services to, persons affected by the matters on which the Committee is to provide advice.

Committee members are not remunerated, but may be paid allowances.

The Committee is to hold meetings, as necessary, for the performance of its function.

Division 2—Committee establishment and function

7 Establishment of Economic Inclusion Advisory Committee

The Economic Inclusion Advisory Committee is established by this section.

8 Committee's function—reports ahead of Commonwealth Government budgets

- (1) The Committee's function is to give a written report to the Joint Ministers ahead of each Commonwealth Government budget.

Contents of report

- (2) The report must consist of advice prepared by the Committee about one or more of the following matters as they relate to the policies, programs and responsibilities of the Commonwealth Government:
 - (a) economic inclusion, including approaches to boost economic participation through the following:
 - (i) policy settings, systems and structures in the social security system;
 - (ii) other relevant programs and policies;
 - (b) the adequacy, effectiveness and sustainability of income support payments, including options to boost economic inclusion and tackle disadvantage;
 - (c) options to reduce barriers and disincentives to work, including in relation to social security and employment services;
 - (d) options for tailored responses to address barriers to economic inclusion for long term unemployed and disadvantaged groups, including place-based approaches at the local level, having regard to the split between Commonwealth, State, Territory and local government responsibilities;
 - (e) the impact of economic inclusion policies on people with barriers to work, including (without limitation) the following:
 - (i) people with caring responsibilities;
 - (ii) Indigenous persons;
 - (iii) people with disability;
 - (f) the impact of economic inclusion policies on gender equality;
 - (g) the trends of inequality markers in Australia and international comparisons.
- (3) In preparing the report, the Committee must have regard to the following matters:
 - (a) the Commonwealth Government's economic and fiscal outlook and fiscal strategy;
 - (b) workforce participation;
 - (c) relevant Commonwealth Government policies;
 - (d) the long-term sustainability of the social security system.
- (4) The Committee must demonstrate in the report how the Committee had regard to those matters.

Timing of report

- (5) The Committee must give the report at a time that allows adequate time for the Joint Ministers to consider the report before the Commonwealth Government budget is delivered in the House of Representatives.

Direction by Joint Ministers

- (6) The Joint Ministers may, by written notice to the Chair, direct the Committee to ensure that a particular report under this section at least addresses specified matters mentioned in subsection (2).
- (7) The Committee must comply with any direction given under subsection (6).
- (8) A direction under subsection (6) is not a legislative instrument.

Publication

- (9) The Minister must, in relation to a report given by the Committee under this section, cause the Committee's findings to be published on the Department's website at least 14 days before the Commonwealth Government budget is delivered in the House of Representatives.

9 Committee's powers

The Committee has power to do all things necessary or convenient to be done for, or in connection with, the performance of its function.

Division 3—Committee members

10 Number of Committee members

The Committee consists of the following members:

- (a) a Chair;
- (b) up to 13 other members.

11 Appointments

- (1) The Chair and other members of the Committee are to be appointed by the Minister by written instrument, on a part-time basis.

Note: A member may be reappointed: see section 33AA of the *Acts Interpretation Act 1901*.

Membership requirements

- (2) In appointing the Chair and other members of the Committee, the Minister must ensure that each member is one of the following and that there is at least one of each of the following:
 - (a) an academic expert in social security;
 - (b) an economist;
 - (c) a representative of an organisation which advocates, or which consists of individuals with lived experience, in relation to a matter relevant to the performance of the Committee's function;
 - (d) a representative of the community sector involved in assisting or supporting persons who are economically disadvantaged;
 - (e) a representative of a trade union or a peak trade union body;
 - (f) a representative of an employer or business association or a peak employer or business association.
- (3) The Minister must also:
 - (a) ensure that at least one of those members is an Indigenous person; and
 - (b) have regard to the desirability of the membership of the Committee reflecting the diversity of the general community.

12 Term of appointments

A member of the Committee holds office for the period specified in the instrument of appointment. The period must not exceed 3 years.

Note: A member may be reappointed: see section 33AA of the *Acts Interpretation Act 1901*.

13 Acting appointments

Appointment to act during vacancy

- (1) The Minister may, by written instrument, appoint a person to act as the Chair, for a specified period of not more than 12 months, during a vacancy in the office of the Chair, whether or not an appointment has previously been made to the office.
- (2) The Minister may, by written instrument, appoint a person to act as a member of the Committee other than the Chair, for a specified period of not more than 150 days, during a vacancy in the office of a member of the Committee other than the Chair, whether or not an appointment has previously been made to the office.

Appointment to act during absence etc.

- (3) The Minister may, by written instrument, appoint a person to act as a member of the Committee during any period, or during all periods, when a member of the Committee:
 - (a) is absent from duty or from Australia; or
 - (b) is, for any reason, unable to perform the duties of the office.

Acting appointment requirements

- (4) Subsections 11(2) and (3) (membership requirements) apply in relation to the appointment of a person under this section in the same way as they apply to the appointment of a person under subsection 11(1).

Note: For rules that apply to acting appointments, see sections 33AB and 33A of the *Acts Interpretation Act 1901*.

14 Allowances

- (1) A member of the Committee is not to be paid any remuneration.
- (2) However, a member of the Committee is to be paid the allowances that are prescribed by the regulations.
- (3) The office of a member of the Committee is not a public office within the meaning of the *Remuneration Tribunal Act 1973*.

15 Leave of absence

Chair

- (1) The Minister may grant leave of absence to the Chair on the terms and conditions that the Minister determines.

Other members

- (2) The Chair may grant leave of absence to another member of the Committee on the terms and conditions that the Chair determines.
- (3) The Chair must notify the Minister if the Chair grants another member of the Committee leave of absence for a period that exceeds 3 months.

16 Disclosure of interests to Joint Ministers

A member of the Committee must give written notice to the Joint Ministers of all interests, pecuniary or otherwise, that the member has or acquires and that conflict or could conflict with the proper performance of the member's functions.

17 Disclosure of interests to Committee

- (1) A member of the Committee who has an interest, pecuniary or otherwise, in a matter being considered or about to be considered by the Committee must disclose the nature of the interest to a meeting of the Committee.
- (2) The disclosure must be made as soon as possible after the relevant facts have come to the member's knowledge.
- (3) Unless the Committee otherwise determines, the member:
 - (a) must not be present during any deliberation by the Committee on the matter; and
 - (b) must not take part in any decision of the Committee with respect to the matter.
- (4) For the purposes of making a determination under subsection (3), the member:
 - (a) must not be present during any deliberation of the Committee for the purpose of making the determination; and
 - (b) must not take part in making the determination.

18 Resignation of appointment

- (1) A member of the Committee may resign the member's appointment by giving the Joint Ministers a written resignation.
- (2) The resignation takes effect on the day it is received by the Joint Ministers or, if a later day is specified in the resignation, on that later day.

19 Termination of appointment

- (1) The Minister may terminate the appointment of a member of the Committee:
 - (a) for misbehaviour; or
 - (b) if the member is unable to perform the duties of the member's office because of physical or mental incapacity.
- (2) The Minister may terminate the appointment of a member of the Committee if:
 - (a) the member:
 - (i) becomes bankrupt; or
 - (ii) applies to take the benefit of any law for the relief of bankrupt or insolvent debtors; or
 - (iii) compounds with the member's creditors; or
 - (b) the member is absent, except on leave of absence, from 3 consecutive meetings of the Committee; or
 - (c) the member fails, without reasonable excuse, to comply with section 16 (disclosure of interests to Joint Ministers) or section 17 (disclosure of interests to Committee).
- (3) The Minister may terminate the appointment of a member of the Committee if the Minister is satisfied that, because of a change of circumstances occurring after the member's appointment, the member is no longer a representative of the kind covered by subsection 11(2).

20 Other terms and conditions

A member of the Committee holds office on the terms and conditions (if any) in relation to matters not covered by this Act that are determined by the Minister.

Division 4—Committee’s operation

21 Holding meetings

The Committee must hold such meetings as are necessary for the efficient performance of its function.

22 Quorum

- (1) At a meeting of the Committee, a quorum is constituted by 7 members.
- (2) However, if:
 - (a) because of the operation of section 17, a member of the Committee is not present during deliberation by the Committee on a matter; and
 - (b) when the member of the Committee leaves the meeting concerned there is no longer a quorum present;the remaining members of the Committee at the meeting constitute a quorum for the purpose of deliberation or decision at that meeting with respect to that matter.

23 Conduct of meetings

The Committee may, subject to this Division, regulate proceedings at its meetings as it considers appropriate.

Note: Section 33B of the *Acts Interpretation Act 1901* contains further information about the ways in which Committee members may participate in meetings.

24 Departmental Secretary and Treasury Secretary to attend meetings and provide advice or assistance

- (1) The following persons are to attend each meeting of the Committee:
 - (a) the Secretary of the Department administered by the Minister;
 - (b) the Secretary of the Department of the Treasury.
- (2) The Secretary of a Department mentioned in subsection (1) may nominate an SES employee, or an acting SES employee, in that Department to attend a particular meeting of the Committee instead of that Secretary.
- (3) The Secretary of a Department mentioned in subsection (1) or a nominee under subsection (2):
 - (a) may provide any reasonable advice or assistance requested by the Chair for the purposes of the performance of the Committee’s function; but
 - (b) must not take part in any decision of the Committee about matters or advice to be included by the Committee in a report under section 8.

24A Joint Ministers to attend meetings and provide advice or assistance

- (1) The Minister is to attend 1 meeting of the Committee each financial year.
- (2) The Treasurer is to attend 1 meeting of the Committee each financial year.
- (3) The Joint Ministers:
 - (a) may provide any reasonable advice or assistance requested by the Chair for the purposes of the performance of the Committee’s function; but
 - (b) must not take part in any decision of the Committee about matters or advice to be included by the Committee in a report under section 8.

Part 3—Other matters

25 Simplified outline of this Part

This Part deals with the staff who are to assist the Committee, the decisions of the Minister that require consultation with the Treasurer, periodic reviews of this Act and the making of regulations.

26 Staffing

The staff required to assist the Committee are to be APS employees made available for the purpose by:

- (a) the Secretary of the Department administered by the Minister; or
- (b) the Secretary of the Department of the Treasury.

27 Minister to consult the Treasurer

The Minister must consult the Treasurer before the Minister does the following:

- (a) appoints a member of the Committee under section 11;
- (b) appoints a person to act as a member of the Committee under section 13;
- (c) terminates the appointment of a member of the Committee under section 19;
- (d) agrees to the persons who are to undertake a review under section 28.

28 Periodic reviews of the operation of this Act

- (1) The Minister must cause independent reviews to be conducted of the operation of this Act.
- (2) The persons who are to undertake a review must be agreed between the Minister and the Chair.
- (3) Without limiting subsection (1), a review must consider whether the Committee is carrying out its function effectively.

First review

- (4) The first review under subsection (1) must be completed within 3 years after the commencement of this section.

Later reviews

- (5) Each later review under subsection (1) must be completed within 5 years after the completion of the previous review.

Report of a review

- (6) The persons undertaking a review must give the Minister a written report of the review no later than 6 months after the review starts.
- (7) The Minister must give a copy of the report to the Chair as soon as practicable after receiving the report.
- (8) The Minister must cause a copy of the report to be tabled in each House of the Parliament within 15 sitting days of that House after the day on which the report is given to the Minister.

29 Regulations

The Governor-General may make regulations prescribing matters:

- (a) required or permitted by this Act to be prescribed; or
- (b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.

*[Minister's second reading speech made in—
House of Representatives on 19 October 2023
Senate on 4 December 2023]*

(127/23)

APPENDIX 3

IMPACTS OF POVERTY

REFERENCES

Refer to page 162 of 2025 Report to Government



APPENDIX 4

THE SOCIAL DIVIDEND: AN ACTUARIAL CASE FOR HIGHER INCOME SUPPORT BY MANDALA





The Social Dividend

An Actuarial Case for Higher Income Support

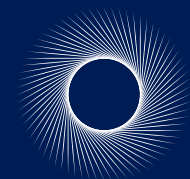
A report to inform the Economic Inclusion Advisory Committee 2025
Report to Government

DECEMBER 2024



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MANDALA

This document is intended for general informational purposes only. The analysis in this report was commissioned by the Economic Inclusion Advisory Committee within the Commonwealth Department of Social Services and prepared by Mandala.

Mandala is an economics research and advisory firm. Mandala specialises in combining cutting-edge data and advanced analytical techniques to generate new insights and fresh perspectives on the challenges facing businesses and governments.

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The analysis produced in this document is current as of the date below and may be subject to change.

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Note: All dollar figures are Australian dollars unless indicated otherwise.

Executive summary

Increasing JobSeeker is an investment which provides economic benefits, social benefits and critical efficiency savings.

There has been much research on the economic benefits of increasing JobSeeker, but much less research on the social benefits and efficiency savings. This report seeks to fill this gap by combining actuarial techniques with microdata and econometric analysis.

The key finding of the report is this: increasing JobSeeker to 90% of the Age Pension would deliver a social return of 24% and deliver key efficiency savings which outweigh any potential reduction in job search intensity.

Every \$100 invested in an increased JobSeeker payment delivers a \$24 social return. This includes a range of physical health benefits, mental health benefits, and intergenerational benefits through positive impacts on childhood development.

There are efficiency benefits, too, through avoided hospitalisations, fewer GP visits, lower mental healthcare costs, fewer justice system interactions and lower children's lifetime social security system use.

Importantly, these efficiency savings outweigh even the most generous estimates of any potential reduction in job search intensity – which is already unlikely in Australia given that a higher JobSeeker payment will remain much lower than average wages.

The JobSeeker Payment is below all poverty measures in Australia

Around 830,000 people – 5% of the comparable working-age population – are receiving JobSeeker. Single JobSeekers receive \$389 a week, much lower than the average wage in Australia of \$1,923. This puts JobSeeker recipients below all of Australia's poverty measures. Australia ranks the second-lowest in the OECD in terms of its support to unemployed people after two-months.

The low payment is correlated with poorer outcomes for recipients and their children

Microdata analysis shows that JobSeeker recipients exhibit higher rates of death by suicide, financial stress, severe psychological distress and risk of homelessness than the broader population. They report worsening physical health, poor nutrition and an inability to afford medicines, healthcare and meals.

Research shows that increasing JobSeeker would grow the economy and create jobs

Unmet consumption needs mean people on low-incomes spend more of their income than people on high incomes (who save more). Increasing JobSeeker supports the economy, including through this secondary spending. JobSeeker is also an 'automatic stabiliser' because it results in more government spending during economic downturns (when unemployment is high). Deloitte Access Economics estimates that increasing JobSeeker by \$75 a week would grow the economy by \$4 billion and create 12,000 jobs. These results, however, did not quantify social benefits.

Quantifying social benefits, the social return from increasing JobSeeker exceeds 24%

This report combines actuarial techniques with micro-datasets (HILDA, PLIDA, DOMINO) and leading econometric research to measure the impact of increasing JobSeeker to 90% of the Age Pension (from the current \$389 per week to \$515 per week for singles). This increase halves the poverty rate of JobSeekers.

This study finds that increasing JobSeeker would deliver a social return of more than 24%. This return quantifies physical and mental health improvements and childhood development impacts. **Every \$100 invested in an increased JobSeeker payment delivers a \$24 social return.** These benefits accrue to the Government, the individuals and society. Importantly, the efficiency benefits far outweigh any efficiency costs.

Increasing JobSeeker provides efficiency savings which outweigh even the most generous estimates of reduced job search intensity

Almost a quarter of the social return comes in the form of government efficiency savings. Increasing JobSeeker results in avoided hospitalisations, fewer GP visits, lower mental healthcare costs, fewer justice system interactions and lower children's lifetime social security system use.

Increasing JobSeeker is unlikely to result in people staying on JobSeeker for a longer duration given that, even with the increase, it is still far below the replacement rate. However, even if people did stay on JobSeeker for longer, the efficiency benefits to Government would outweigh these costs under even the most generous estimates from the international literature.

Increasing JobSeeker provides benefits to individuals and children

Just over a quarter of the social return accrues to JobSeeker recipients and their families. This includes improved mental-health related quality adjusted life years, increased earnings when they become employed and avoided out-of-pocket mental health costs.

Increasing JobSeeker provides broader benefits to society

More than half of the social return accrues to broader society through avoided lives lost due to suicide, avoided childhood poverty, avoided adolescent justice interactions, avoided insurer mental health costs, and productivity gains to GDP.

This report does not consider all potential benefits of increasing JobSeeker. But including the social benefits along with the economic benefits is key to unpacking the overall impact of increasing JobSeeker.



1

The JobSeeker Payment (JobSeeker) is below all poverty measures, and is far below the OECD average, leaving 830,000 JobSeeker recipients at risk

2

The low level of JobSeeker is correlated with financial stress of families, poorer mental and physical health and worse childhood development outcomes

3

Every \$100 invested in an increased JobSeeker payment delivers a \$24 social return. Further, the efficiency savings from health and childhood development improvements far outweigh even the most generous estimates of any potential reduction in job search intensity

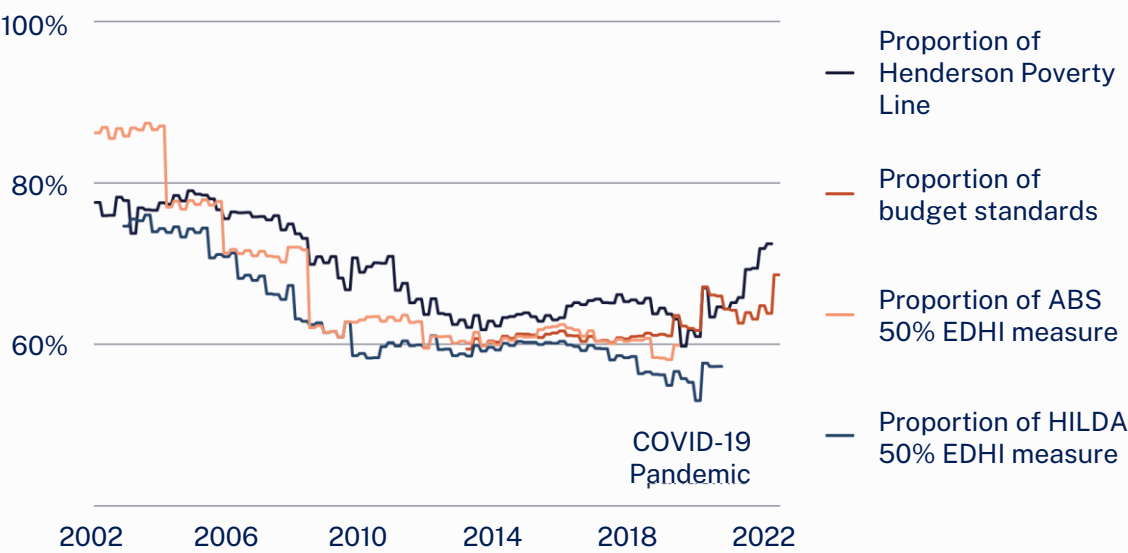
4

Methodological appendix

The JobSeeker Payment is below all poverty measures, and is far below the OECD average, which may not adequately support transitions back into employment

Exhibit 1: The JobSeeker Payment is below all poverty measures

% of poverty measure, Australia, 2002-2023



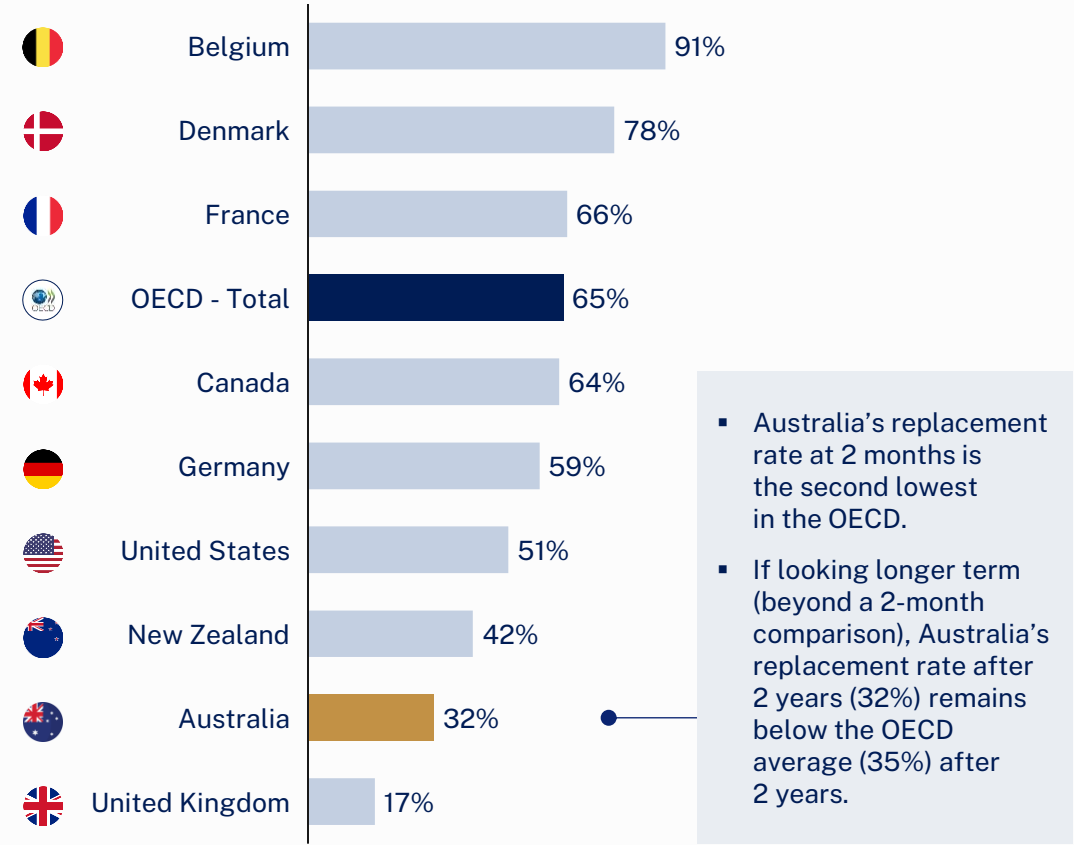
The Economic Inclusion Advisory Committee has judged that the current JobSeeker Payment rate may be a **net negative for participation**, with poverty being a barrier to employment.

Recent increases have not addressed this. Compared to the average wage in Australia of \$1,923 per week, JobSeekers must try to survive and re-find work on just \$393.¹ A poll of Australians, showed 68% agreed income support should be above the poverty line.²

1 ACOSS (2024) Woefully low JobSeeker payment just 20% of average wage. 2 ACOSS (2022).
Source: Economic Inclusion Advisory Committee (2024) 2024 Report to Government; Mandala analysis.

Exhibit 2: Australia’s unemployment support is far below the OECD average

After 2 months, unemployment benefit % of prior in-work income, 2022



Source: OECD (2024) Benefits in unemployment, share of previous income; Mandala analysis.

The JobSeeker Payment's current rate puts 830,000 Australians at risk, around 5% of working-age people

Over 830,000 people currently receive the JobSeeker Payment. This is the main income support payment for recipients aged between 22 years and the pension age. JobSeeker is targeted to people who are looking for work or who temporarily cannot work due to injury or illness or bereavement; who fall under means-testing levels.¹

Around 54% of current JobSeeker Payment recipients are male, half of JobSeeker recipients are aged 45 to 67 years old. Four in ten JobSeeker recipients have partial capacity to work (for less than 30 hours a week). Four in ten have been on the JobSeeker for under one year. Three in ten are based in New South Wales. Two in ten reported some earnings in the last fortnight, and a correlated portion received the part-rate of Payment. One in ten was either suspended or paid a zero rate.²

This data represents the stock of JobSeeker recipients. Comparing flows in the year to 30 June 2023, 325,300 people started receiving JobSeeker. A majority (58%) of these entrants exited JobSeeker within twelve months, and did not return to the JobSeeker Payment in the following twelve months.³

Note: Working-age is defined as 22-66 year olds to align with JobSeeker eligibility from 22 to the pension age (67).

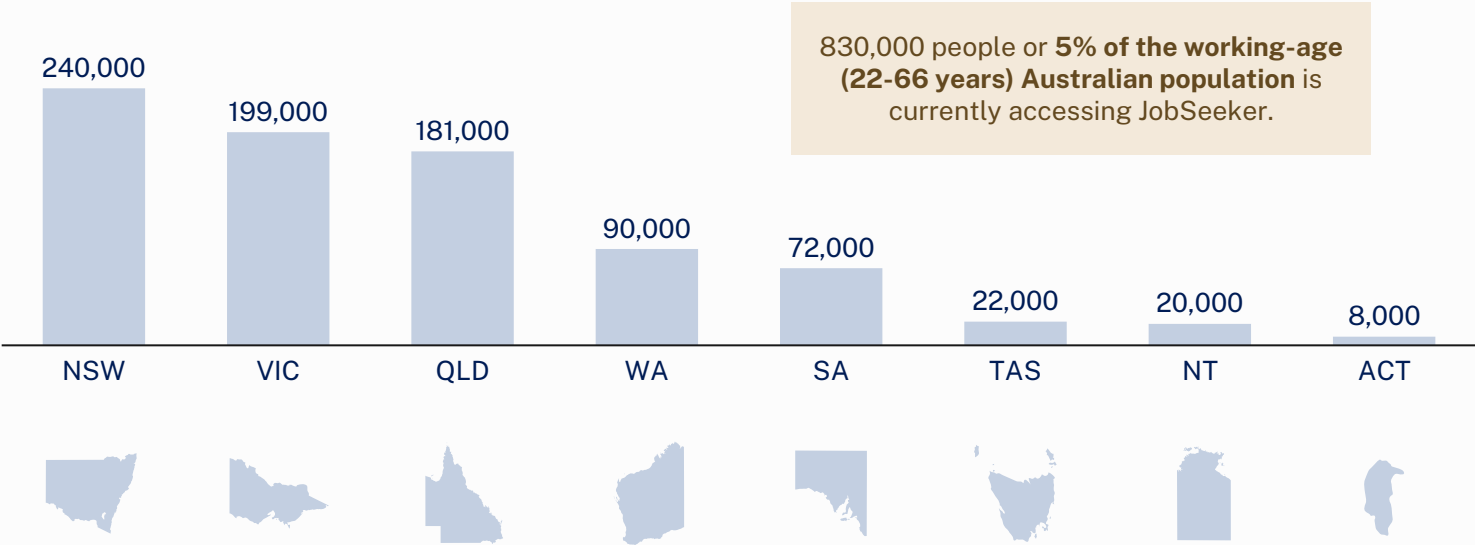
1 DSS (2020) Jobseeker Payment.

2 DSS (2024) Monthly time series.

3 DSS (2024) DSS Benefit and Payment Recipient Demographics - quarterly data.

Exhibit 3: 830,000 people are currently accessing JobSeeker across Australia

Number of recipients, 25 October 2024



OF THE JOBSEEKER RECIPIENTS IN AUSTRALIA:



1 Data for children under 18 years is from June 2024 DOMINO microdata. All other figures are from DSS Monthly Time Series data as of October 2024.
Source: DSS (2024) Monthly Time Series; Mandala analysis.

The Economic Inclusion Advisory Committee has twice advocated to raise the JobSeeker level

In both the Economic Inclusion Advisory Committee’s 2023 and 2024 reports to Government, the Committee has proposed an increase to JobSeeker to restore its relativities with the Age Pension from the 1990s.

The Committee raises serious concerns about the adequacy of working-age income support payments.

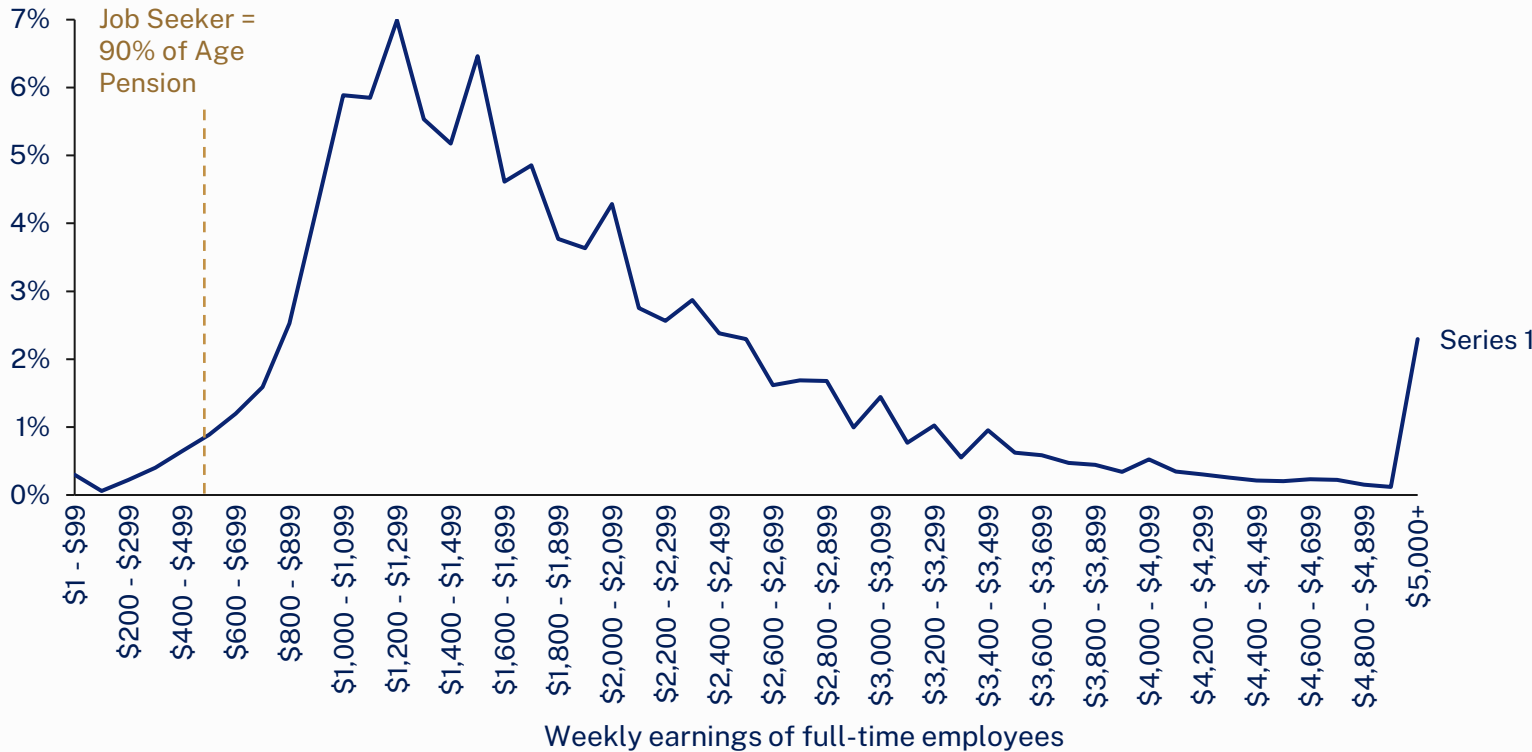
Current rates are inadequate when measured relative to pensions, the minimum wage or against a range of income poverty measures. Due to severe financial stress, some recipients are having to choose between paying for their medicine or electricity bills.

An increase to the rate of JobSeeker would still place it below the 3rd percentile of the weekly earnings distribution. That is, more than 97.5% of full-time employees would be earning more than the JobSeeker Payment recipient.

Because of the difference in levels of income between JobSeekers and those employed, the Committee’s recommendation challenges the notion that a raise to JobSeeker would disincentivise participation.

Exhibit 4: At 90% of the Age Pension, JobSeeker would be at just above the 2nd percentile of the income distribution

JobSeeker increase compared against the distribution of weekly earnings of full-time employees, Australia, 2023



The **Economic Inclusion Advisory Committee (2024)**’s research shows that at 90% of the Age Pension, 97.5% of full-time employees would still earn more than JobSeekers.

The low level of JobSeeker relative to labour market earnings likely to be obtained by jobseekers means that the increase to JobSeeker to 90% of the Age Pension is not likely to disincentivise shifts into employment.

Source: Economic Inclusion Advisory Committee (2024) 2024 Report to Government; ABS (August 2023) Employee Earnings, Mandala analysis.

A higher rate is unlikely to affect JobSeeker numbers due to strict means-testing and obligations on job search

Australia’s JobSeeker Payment system is highly targeted to the most disadvantaged. JobSeeker eligibility is subject to income and assets testing for individuals and their partners.

Recipients of JobSeeker are therefore some of the most disadvantaged people in a mostly otherwise wealthy nation. Compared to other countries, Whiteford (2017) notes that cash benefits in Australia are more targeted to the poorest 20% of the population than any other OECD country.¹

After meeting the eligibility criteria to receive JobSeeker, JobSeeker recipients must meet strict obligation requirements on job search activity. The requirements include onerous reporting requirements and mandatory targets around job search activity. Suspension occurs when strict mutual obligation requirements are not met.

Even at 90% of the Age Pension, the JobSeeker payment will be significantly lower than average wages. Discussed further below, this means an increase in JobSeeker is unlikely to disincentivise participation.

Exhibit 5: JobSeeker is highly targeted to low-income recipients



Failing to satisfy all obligations results in payment suspension.

1 Sole traders face more complex income-testing procedures intended to limit access to payments.
2 If you have higher liquid assets, there will be a waiting period of between one and 13 weeks. Those paid a lump sum to cover leave or redundancy face a preclusion period.
3 Those with partial capacity to work, principal carers and those aged over 55 may have different requirements. Source: DSS (2024) *Income and assets tests*; DSS (2024) *Mutual obligation requirements*



1

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2

The low level of JobSeeker is correlated with financial stress of families, poorer mental and physical health and worse childhood development outcomes

3





Every \$100 invested in an increased JobSeeker payment delivers a \$24 social return. Further, the efficiency savings from health and childhood development improvements far outweigh even the most generous estimates of any potential reduction in job search intensity

4

Methodological appendix

Leading econometric studies estimate the effect of low payments in four areas: physical health, mental health, childhood development, and economic costs

Exhibit 6: Critical areas impacted by low incomes or unemployment benefit payments identified in a scan of international and domestic literature

 Physical health	 Mental health	 Childhood development	 Broader economic impacts
<ul style="list-style-type: none">▪ Low-income households spend 40-59% less than higher-income households in absolute terms (but a greater share of their relative incomes) on medicines and health practitioner visits, despite being more likely to have a health condition.¹▪ For every \$1 increase in income, there is a \$0.20 increase in spending on health practitioners.¹▪ One in four Australian adults with select physical health conditions were avoiding care due to the cost.²▪ In US studies, fewer primary healthcare visits are associated with more Emergency Department (ED) visits, more hospitalisations, and higher costs.³	<ul style="list-style-type: none">▪ Financial strain is correlated with more depressive symptoms, greater loneliness, and poorer self-reported physical health, mental health, and sleep.⁴▪ \$150 increases in JobSeeker payments during the pandemic resulted in financial stress declining by 0.03 points (out of five) and mental stress declining by 0.01 points.⁵▪ Studies in Poland and Canada found psychological distress and depression increase inpatient costs (+22%) and outpatient costs (+8.9%).⁶▪ In Canada, unemployment benefits reduce the probability of reporting poor self-rated health among the unemployed by up to 4.9%, with effects highest for low-income individuals.⁷	<ul style="list-style-type: none">▪ A 1 standard deviation increase in family income lifts children's literacy and mathematics scores by 0.24-0.29 standard deviations.⁸▪ Test scores at ages 5-6 are significantly correlated with educational attainment measured at age 18 or later.⁹▪ For every 1% increase in total household expenditure, spending on preschool and primary education rises by approximately 1.45%.¹⁰▪ Poverty (retrospectively assessed) is associated with a 1.9 times increase in the risk of any child maltreatment with 27% of all child maltreatment jointly attributable to economic factors.¹¹	<ul style="list-style-type: none">▪ A meta-analysis of 54 studies published as an NBER Working Paper in 2024, found that after accounting for publication bias and study characteristics, a typical replacement rate duration elasticity is 0.36. Studies in countries with higher replacement rates have higher elasticities. In US studies, a 1% increase extends unemployment duration by 0.36% from a baseline replacement rate of 43.5%. In studies across OECD countries, it's higher at 0.55% from a 62% replacement rate baseline.¹²▪ A study of welfare cuts for refugees in Denmark found a relationship between benefit levels and subsistence crime. Adult women increased grocery theft and teens faced increases in conviction probabilities for violent and property crimes.¹³

1 Best & Tuncay (2022). 2 Callander et al. (2019). 3 Rose et al. (2018). 4 Guan et al. (2022). 5 Botha et al. (2022). 6 Grabe et al. (2009). 7 Shahidi et al. (2019). 8 Khanam & Nghiem (2016). 9 Bernal & Keane (2011). 10 Jääskelä & Windsor (2011). 11 Doidge et al. (2017). 12 Cohen & Ganong (2024). 13 Dustmann et al. (2024a); Dustmann et al. (2024b).
Source: Mandala analysis.

Current JobSeeker rates make good nutrition, medicines and healthcare unaffordable, worsening physical health

JobSeekers struggle to make ends meet financially, with one in five reporting going without meals because of financial pressures in 2022. This prevalence is significantly higher than the broader population, for whom only one in twenty-five reported the same.





The low rate of JobSeeker forces people to rely on their family and friends for financial help and for informal care. Analysing HILDA Survey data, 36% of JobSeekers asked for financial help from friends or family in 2022.

JobSeekers report not being able to afford to go the doctor or to fill their prescriptions because of financial shortages. This is despite JobSeekers having more complex health situations to manage.

Of the 42% of JobSeekers assessed as having partial capacity to work; 42% have a psychological or psychiatric illness as their first listed medical condition (147,000, 18% of all JobSeekers); 31% have a musculo-skeletal diagnosis as their first-listed medical condition (108,000, 13% of all JobSeekers).

Exhibit 7: The low rate of JobSeeker may adversely affect recipients’ physical health

% of JobSeeker recipients vs non-recipients aged 22-66, 2022

	Poorer nutrition and food insecurity	21% of JobSeekers went without meals due to financial constraints, 5x more than non-recipients (4%). ¹
	Inability to afford medicines or doctors	75% of working-age income support recipients could not access healthcare and medicine because they couldn’t afford it. ²
	Worsening physical health	8 in 10 people said receiving income support negatively affected their physical health. ²
	Partial capacity to work	42% of JobSeekers (350,000) were assessed as having partial capacity to work, that is under 30 hours a week. ³
	Elevated risk of homelessness	1 in 10 people on working-age payments access homelessness services per year. ⁴

1 JobSeeker status was determined by receiving JobSeeker for one week or more in the last twelve months (n= 571). HILDA Survey Wave 22 using population weights. 2 ACOSS (2024), n=760; 3 DSS (2024). 4 Taylor Fry (2021) Pathways to Homelessness. Source: Mandala analysis.

The high financial stress faced by JobSeekers correlates with poor mental health and high rates of suicide

Depression affects JobSeeker recipients at much higher rates than other Australians. In 2021, 18% of recipients reported feeling depressed all or most of the time – three times the rate of non-recipients (6%). These rates have stayed steady since before the pandemic.¹

Poor mental health makes it harder to find and keep work. The Productivity Commission found mental health issues cost Australia over \$12 billion annually through:

- Lower workforce participation
- More sick days
- Reduced productivity at work.²

But the relationship works both ways. Research shows that improving someone’s chances of finding work also improves their mental health. Raising job search optimism by 10% boosts mental health as much as a \$60,000 income increase.³

This suggests that supporting JobSeeker recipients' mental health could help them return to work faster, while finding work would further improve their mental wellbeing.

1 Mandala analysis of HILDA Waves 21 and 19.
2 Productivity Commission (2020) *Mental Health*.
3 Auer and La Cava (2023) *The mental health of Job Seekers*.

Exhibit 8: The low rate of JobSeeker may adversely affect recipients’ mental health

% of JobSeeker recipients aged 22-66, 2022

 Higher financial stress	JobSeekers are 5x more likely to be experiencing three or more measures of financial stress (26% vs 5% of non-recipients). ¹
 Poor mental health outcomes	Almost one in two (45%) of JobSeekers had high or very high Kessler 10 scores, indicating high to severe depression or anxiety. ²
 Less access to psychologists	Only 26% of JobSeekers with a mental health treatment plan accessed allied health psychological treatment, compared to 34% of non-recipients. ³
 Lower workforce participation	People with mental health disorders have lower employment rates (62% vs 80% without disorders) and higher rates of being out of the labour force (32% vs 17%). ⁴
 Higher suicide rates	The highest numbers of suicides for those aged 22-45 years are JobSeeker Payment support recipients. ⁵

Note: The Kessler-10 (K10) is a 10-item questionnaire measuring psychological distress based on questions about anxiety and depressive symptoms. A score >22 indicates high likelihood of having a mental health disorder.
1 HILDA Survey Wave 22; Mandala analysis. 2 Calculated from HILDA Survey Wave 21. 3 Calculated from PLIDA (2022). 3. Productivity Commission (2020). 4 Brisbane et al. (2022) based on ABS 2017-18. 5 AIHW (2024) *Deaths by suicide among Centrelink income support recipients* – Note this study is not causal – see page 35 for discussion.

Family stress and constrained resources to spend on education can inhibit child development outcomes

International evidence shows increases in income are associated with improvements in children’s cognitive, social, and health outcomes. A systematic review of randomised control trials (RCTs), quasi-experimental studies, and observation studies using fixed effect longitudinal studies showed income positively impacted child outcomes in 63% of studies.¹




An Australian study by Khanam and Nghiem (2016) examined family income effects on children’s cognitive development. Using dynamic panel data, the study finds that family income is significantly associated with children’s cognitive skills, as well as parents’ education, child’s birth weight, and number of books at home.²

A 2024 study examined the effects of a reduction of welfare benefit for adult refugees who received residency in Denmark, which reduced their disposable income by 30% on average over the first five years. It found that children exposed to the welfare cut during preschool and school-age obtained lower GPAs, had reduced well-being and overall education levels, and suffered lower employment and earnings as adults.³

1 Cooper and Stewart (2020). See Tables 5, 6, 7.
2 Khanam & Nghiem (2016).
3 Dustmann et al. (2024).

Exhibit 9: The low rate of JobSeeker may adversely affect childhood development

Effect sizes from the literature

	Lower ability to spend on preschool	For every 1% increase in total household expenditure, spending on preschool and primary education rises by approximately 1.45%. ³
	Income is correlated with school performance	High quality US studies found a \$1,000 increase in annual income is associated with a 10% improvement in school performance in the US. ⁴
	Income is correlated with emotional development	A study in Canada found a \$1,000 increase in annual income was related to a 10% effect size for reductions in anxiety and physical aggression for children ⁵

4 Jääskelä & Windsor, (2011). See Appendix A. Results are for 2009/2010. 5 Gennetian and Miller (2002). 6 Milligan and Stabile (2011). Source: Mandala analysis.

Welfare reductions aimed at incentivising labour market participation generated a negative return of -\$12,000

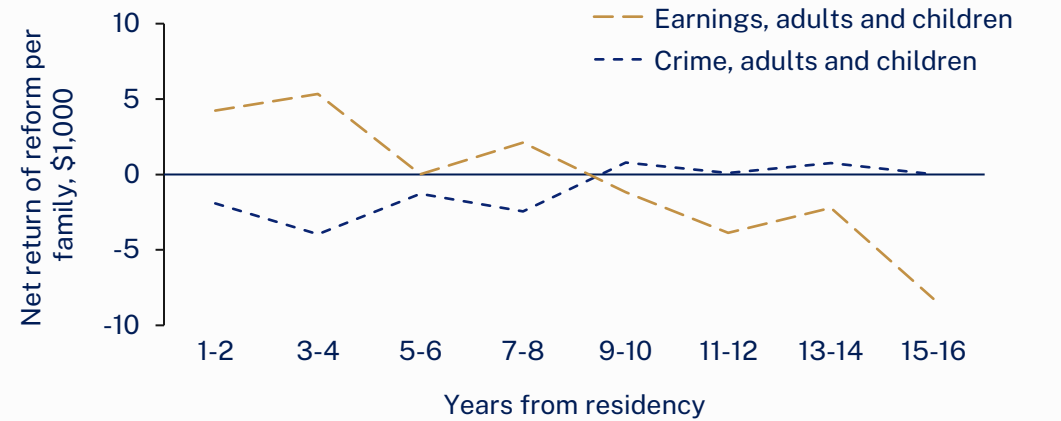
Between 2002 and 2012, welfare for refugees granted residency in Denmark was reduced by 40% under the objective of boosting labour participation. Despite initial positive effects on adult employment, these gains were vastly outweighed by the long-term detrimental consequences on children. Observing a 16-year time horizon, the reform led to an estimated net loss of US\$12,000 per family as:

- Preschool attendance dropped, hindering early childhood development and integration.
- Children's educational outcomes declined, with lower GPAs and reduced overall educational attainment.
- Employment rates and earnings for affected children decreased as they entered adulthood.
- Crime rates among teenagers doubled, with higher rates of both property and violent offences for 14-18 year olds.

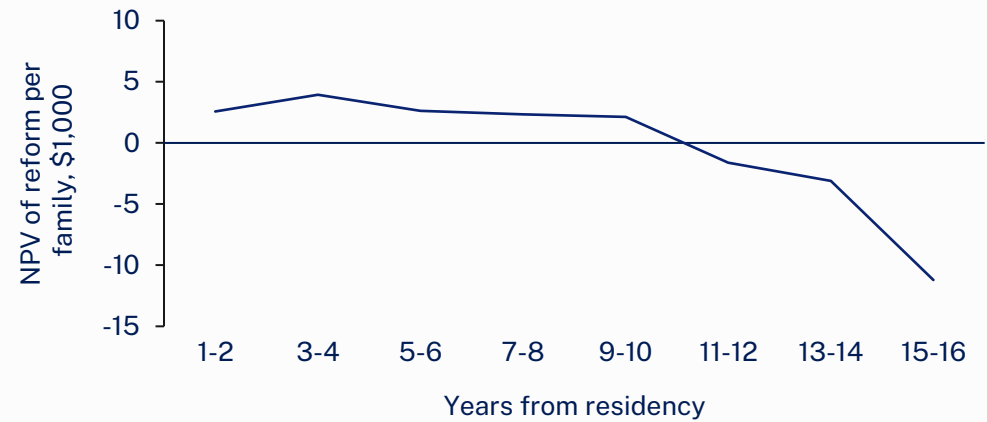
These long-term negative effects on children's outcomes far outweighed the short-term gains from increased adult labour force participation. The study underscores the importance of considering the comprehensive and long-term impacts of welfare reforms, particularly on vulnerable populations like refugee families

Exhibit 10: Unintended consequences of lowered welfare for refugees in Denmark

Net-returns of reform, adults' and children's earnings and crime, US\$1,000, by years since residency



Cumulative returns of reform (\$1,000) based on reform effects on earnings and crime



- The charts track this pattern: minor early employment gains were erased by rising social costs and poorer outcomes for children reaching adulthood. The cumulative cost (bottom chart) grew steadily negative.
- These findings are particularly relevant for Australia's uniquely targeted welfare system. Unlike Denmark, which cut benefits to match OECD averages, Australia already has the second-lowest replacement rate. This suggests reforms focused solely on work incentives could risk even greater intergenerational damage in our low-payment environment.

Source: Dustmann et al. (2024) Unintended consequences of welfare cuts on children and adolescents; Mandala analysis.



1

The JobSeeker Payment (JobSeeker) is below all poverty measures, and is far below the OECD average, leaving 830,000 JobSeeker recipients at risk

2

The low level of JobSeeker is correlated with financial stress of families, poorer mental and physical health and worse childhood development outcomes

3

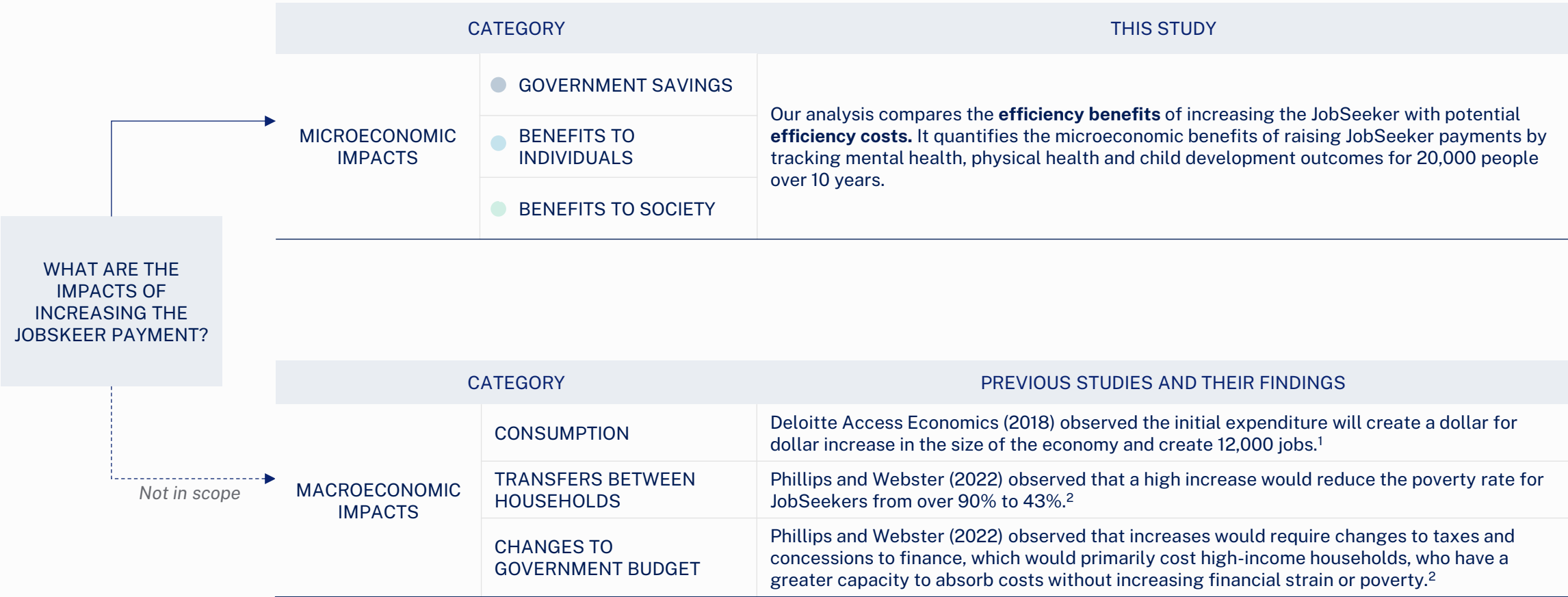
Every \$100 invested in an increased JobSeeker payment delivers a \$24 social return. Further, the efficiency savings from health and childhood development improvements far outweigh even the most generous estimates of any potential reduction in job search intensity

4

Methodological appendix

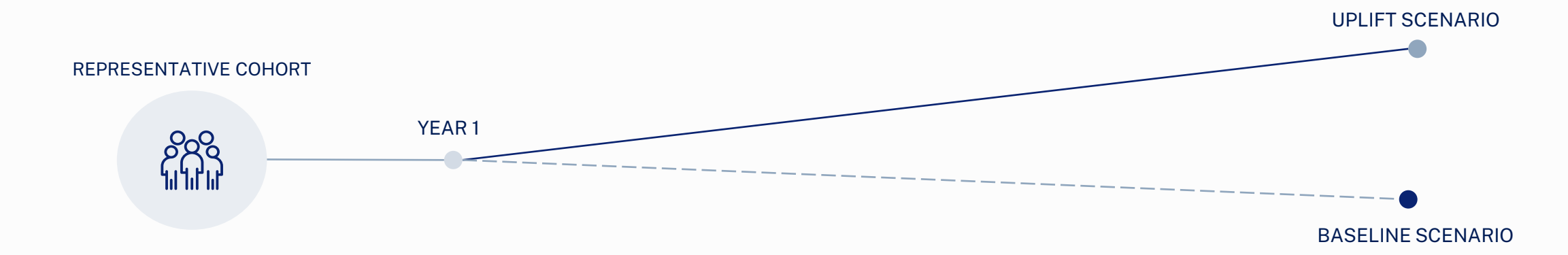
Our analysis focusses on the microeconomic benefits of increasing the JobSeeker rate for a 20,000-person representative cohort

OUTLINE OF THE RESEARCH QUESTION AND PREVIOUS STUDIES




The increase to JobSeeker is modelled using a microsimulation, which simulates the lifepaths and interactions of a 20,000-person representative cohort

THE MICROSIMULATION



A 20,000-person cohort is modelled based on the 142,000 that flow onto JobSeeker from 1 January to 31 March 2022: <ul style="list-style-type: none">48% have a spell that lasts for 3 months or less; 27% for 3-12 months14% for 1-2 years12% for 2+ years²	ECONOMIC FACTORS	HEALTH FACTORS	CHILDHOOD DEVELOPMENT FACTORS
	<ul style="list-style-type: none">Labour force statusJobSeeker statusTime on JobSeekerIncomeFinancial stress	<ul style="list-style-type: none">Health scorePsychological distress (as measured by Kessler 10)GP visitsHospitalisationsQuality Adjusted Life Years	<ul style="list-style-type: none">Year 9 NAPLAN scoresYear 12 graduation







The representative cohort is modelled year by year in the microsimulation using a series of regressions to model every individual’s economic, health and childhood development factors. These regressions have been created using Australian longitudinal datasets segmented for low-income Australians (under \$50,000 annual income).

We model a 32.4% increase in the rate of JobSeeker to be equivalent to 90% of the Age Pension (which offers \$1,144 per fortnight for singles including supplements). This is equivalent to an uplift to the single rate for JobSeekers (received by the majority of the cohort) from \$389 to \$515 per week.

The outcome variables modelled in the microsimulation are used to quantify the benefits of raising JobSeeker to government, individuals, and broader society

TABLE OF BENEFITS

CATEGORY	GOVERNMENT SAVINGS	BENEFITS TO INDIVIDUALS	BENEFITS TO SOCIETY
 PHYSICAL HEALTH	<ul style="list-style-type: none">▪ GP visits▪ Hospitalisations		
 MENTAL HEALTH	<ul style="list-style-type: none">▪ Mental health related healthcare▪ Mental health related services (housing, justice)▪ Increased tax from higher mental health-related productivity¹	<ul style="list-style-type: none">▪ Increased earnings▪ Quality-Adjusted Life Years (QALYs)▪ Out of pocket costs	<ul style="list-style-type: none">▪ Insurer costs▪ Lives lost due to suicide▪ Informal care provided by friends and family▪ Increased productivity gains from improved mental health¹
 CHILDHOOD DEVELOPMENT FACTORS	<ul style="list-style-type: none">▪ Children’s lifetime social security system use	<ul style="list-style-type: none">▪ Children’s increased earnings	<ul style="list-style-type: none">▪ Avoided childhood poverty Disability-Adjusted Life Years (DALYs)
 BROADER ECONOMIC FACTORS	<ul style="list-style-type: none">▪ Reduced adult justice system interaction costs		<ul style="list-style-type: none">▪ Avoided adolescent justice interactions

¹ The productivity improvements are derived from the mental health outcomes observed among those who return to work in both scenarios – which are improved in the shock scenario - resulting in less presenteeism and absenteeism.
Source: Mandala analysis

For the representative cohort of 20,000, an increase to JobSeeker represents a social return of 24% to government, individuals and society

Exhibit 11: Benefit analysis for the 20,000-person cohort

INCREMENTAL BENEFIT CATEGORY, \$AU, NPV, 2025 to 2034		LOW	MEDIUM	HIGH
GOVERNMENT SAVINGS	AVOIDED HOSPITALISATIONS	\$0.7m	\$0.8m	\$0.9m
	AVOIDED GP VISIT REBATES	\$0.3m	\$0.4m	\$0.4m
	AVOIDED MENTAL HEALTH CARE COSTS	\$1.7m	\$1.9m	\$2.2m
	AVOIDED MENTAL HEALTH RELATED SERVICES COSTS ¹	\$0.7m	\$0.8m	\$0.7m
	MENTAL HEALTH-RELATED PRODUCTIVITY GAINS TO GOVT TAX REVENUE	\$4.5m	\$5.1m	\$6.0m
	AVOIDED JUSTICE SYSTEM INTERACTION COSTS	\$6.3m	\$7.2m	\$8.7m
	LOWER CHILD LIFETIME SOCIAL SECURITY SYSTEM USE	\$0.5m	\$0.5m	\$0.5m
	TOTAL	\$14.7m	\$16.7m	\$19.4m
BENEFITS TO INDIVIDUALS	INCREASED EARNINGS	\$8.9m	\$10.1m	\$12.1m
	MENTAL HEALTH-RELATED QUALITY ADJUSTED LIFE YEARS	\$7.1m	\$7.8m	\$8.9m
	AVOIDED OUT OF POCKET MENTAL HEALTH COSTS	\$0.1m	\$0.1m	\$0.2m
	TOTAL	\$16.1m	\$18.0m	\$21.2m
BENEFITS TO SOCIETY	MENTAL-HEALTH RELATED PRODUCTIVITY GAINS TO GDP	\$19.0m	\$21.3m	\$25.0m
	AVOIDED LIVES LOST DUE TO SUICIDE	\$4.3m	\$4.7m	\$5.4m
	AVOIDED CHILDHOOD POVERTY-RELATED DISABILITY ADJUSTED LIFE YEARS	\$4.5m	\$4.9m	\$5.6m
	CHILDRENS' INCREASED EARNINGS	\$1.3m	\$1.6m	\$2.2m
	AVOIDED ADOLESCENT JUSTICE SYSTEM INTERACTION COSTS	\$1.9m	\$2.0m	\$2.2m
	INFORMAL CARE PROVIDED BY FAMILY AND FRIENDS	\$2.6m	\$2.9m	\$3.4m
	AVOIDED INSURER MENTAL HEALTH COSTS	\$0.2m	\$0.2m	\$0.2m
	TOTAL	\$33.8m	\$37.6m	\$44.0m
TOTAL		\$64.6m	\$72.3m	\$84.6m

Overall, the increase to JobSeeker at least a 24% social return to government, individuals and society in the medium-case scenario for a 20,000-person representative cohort of payment recipients.

Increasing the JobSeeker Payment for this 20,000-person representative cohort would present a fiscal cost to government of \$301 million in net present value terms. This represents a transfer from the Government’s balance sheet to the balance sheet of households. Households spend this money in the economy. This generates an economic return (as shown in previous studies) as well as a \$72.3 million (24%) social return for this 20,000-person cohort. We do not consider the macro-economic cost of raising taxation to fund the increase as this is out of scope.²

The 24% social return is delivered through three primary channels:

- Government savings: \$16.7 million, equivalent to just under a quarter of the social benefits
- Benefits to individuals: \$18.0 million, equivalent to a quarter of the social benefits
- Broader societal benefits: \$37.6 million, equivalent to over half of the social benefits

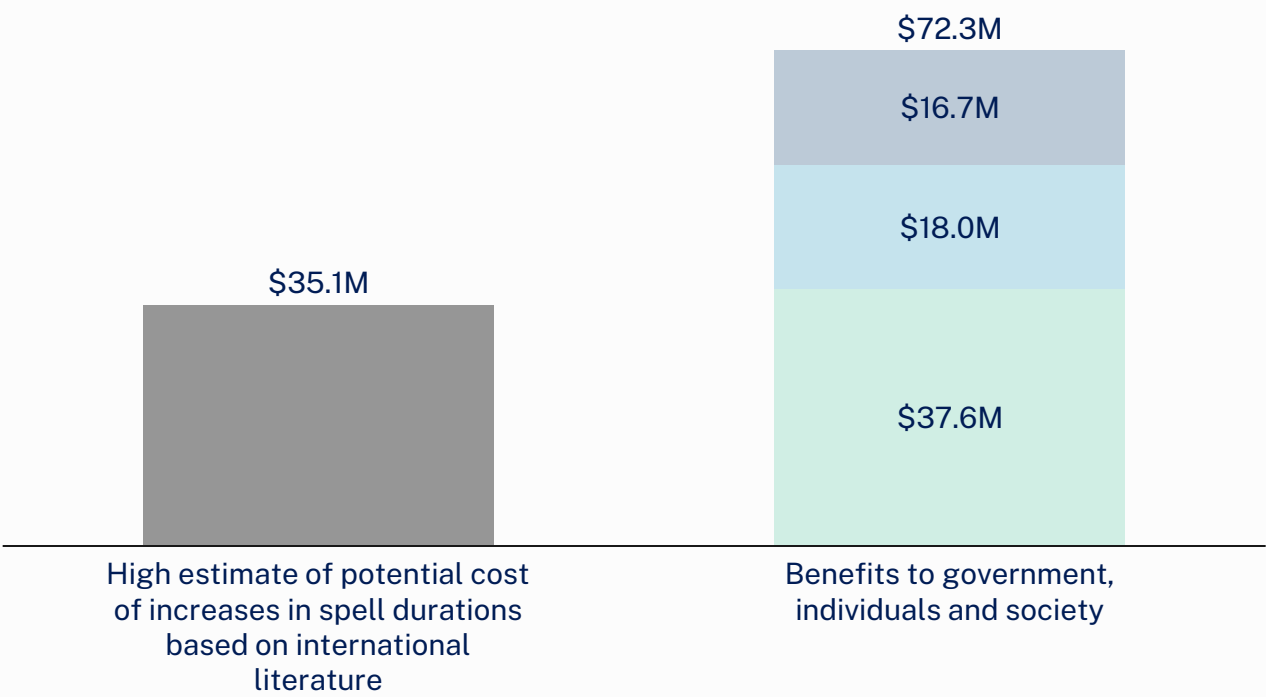
These projections are in net present value terms over a 10-year period for a cohort of 20,000 recipients.

1. Includes mental health-related housing, justice, employment services and psychosocial supports. 2 See Phillips & Webster (2022). Low, medium and high scenarios represent discount rates of 10%, 7% and 3%.. See Appendix for detailed methodology. Source: Mandala analysis.

From an efficiency perspective, the benefits of this investment far outweigh the potential cost of increased job search durations

Exhibit 12: Potential costs versus benefits of an increase in JobSeeker to 90% of the Age Pension

\$AU, Net present value, 2025-2034



Key findings

- Our analysis finds that the efficiency benefits of investing in JobSeeker for government, individuals and society far outweigh the potential efficiency costs.
- It is unlikely that increasing JobSeeker to 90% of the Age Pension would increase job search durations given the payment would remain significantly lower than the average wage. Even if job search durations increase, the cost would be far outweighed by the social return.
- The maximum potential cost expected in terms of increased job search durations on JobSeekers is \$35.1 million. This estimate is based on a meta-analysis of 54 studies published as an NBER Working Paper this year. It found that after accounting for publication bias and study characteristics, a typical replacement rate duration elasticity is 0.36.¹
- This meta-analysis finds that the elasticities observed for duration increases are higher in countries with higher replacement rates. As Australia’s replacement rate is lower, and given strict means testing and job search obligations in Australia, it is likely that the elasticity of duration increases is lower in Australia.

Source: Elasticity of duration on benefits compared to a 1% increase in benefit generosity estimate from Cohen and Ganong (2024); Mandala analysis.

Almost a quarter of the social return from an increase in JobSeeker accrues to government

Overall, the government saves \$16.7 million in cohort costs over the 10-year period across healthcare, justice and children’s welfare use as well as additional government revenue through taxation. From a government perspective, there is a financial cost to increase JobSeeker (\$301 million for this 20,000 cohort), but from a societal perspective the money goes into the economy and the cost represents a transfer between groups in the community.

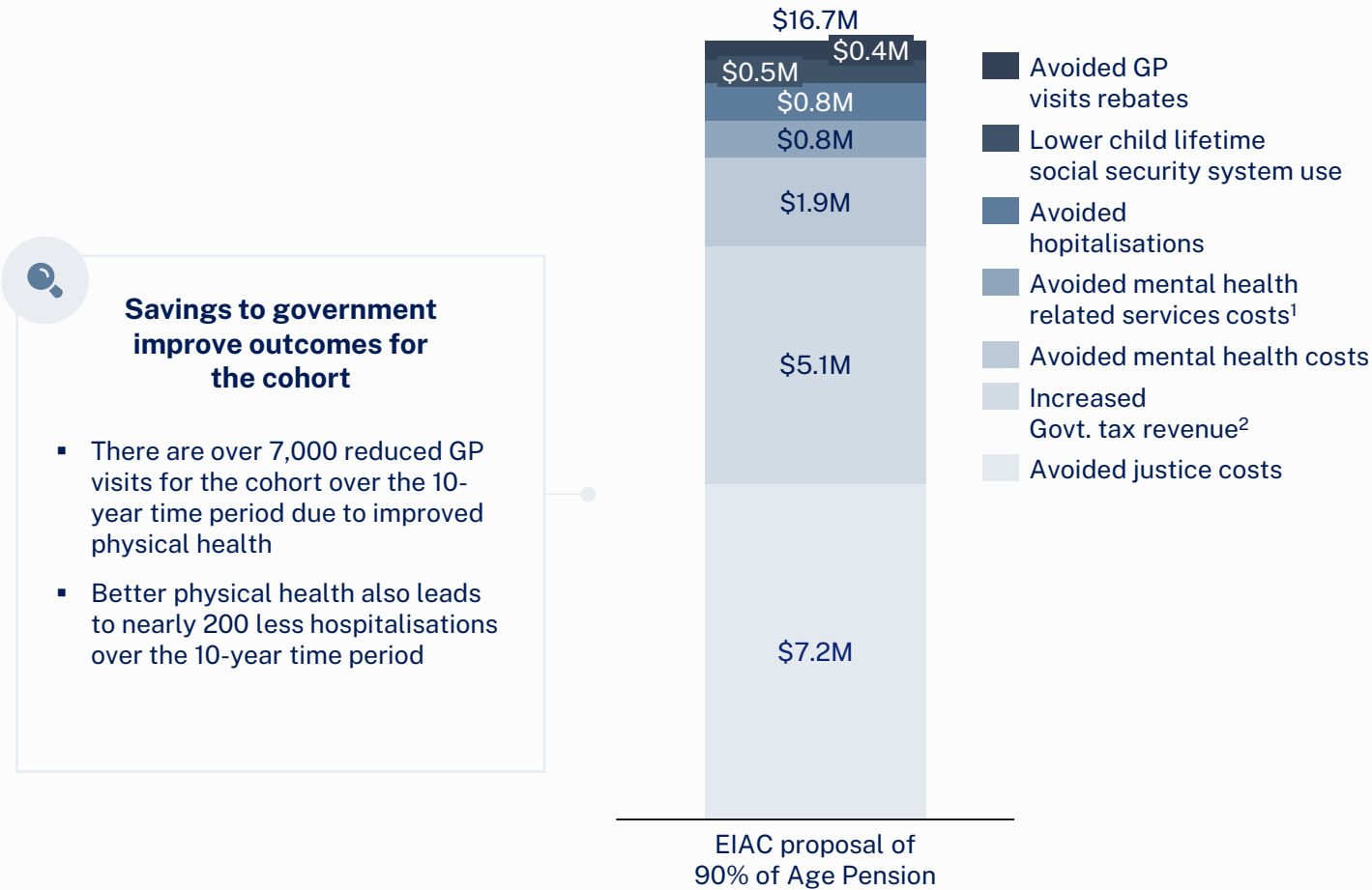
For JobSeekers, healthcare costs fall by 0.5%. This is driven by avoided mental health service usage. The higher payment reduces financial stress (with income elasticity of 0.21-0.29), which then reduces their psychological distress (by 0.675 points on a 4-point scale). This reduces mental health services costs and related service costs.¹

For physical health, while people initially visit their GP more often when they can afford to (with income elasticity of 0.20-0.27), over time their improved health means fewer GP visits and they are less likely to be hospitalised (odds ratio of 0.99 for each point of health improvement).

The intergenerational effects of increasing JobSeeker improve children’s outcomes. Higher family income lifts NAPLAN scores by 17-21 points, and higher scores make students more likely to complete Year 12 (odds ratio of 1.003 per point). Improved education reduces the likelihood of these children needing welfare later in life.

Exhibit 13: Total Government savings from increasing JobSeeker for representative cohort

\$AUD, NPV @ 7% real discount rate, 2025 to 2034



Note: All modelling uses DSS DOMINO administrative data, HILDA survey data (Waves 1-22), LSAC survey data (Waves 1 to 9C) and LSAY survey data (year 15 cohort).
1 Includes mental health-related housing, justice, employment services and psychosocial supports.
2 Improvements to productivity are measured through decreased absenteeism and increased presenteeism which increase Government tax revenue (Appendix B: [Slide 57](#)). Source: Mandala analysis.

An additional quarter of the social return from an increase to the JobSeeker Payment accrues to individuals

The increase to JobSeeker provides \$18.0 million in direct cohort benefits to individuals through improved mental health and earnings, as well as reduced out of pocket mental health costs for the cohort.

The increase to JobSeeker is associated with a 0.1% increase in the earnings of individuals in the cohort due to improved mental health, resulting in faster return to work. Each point increase in the psychological distress reduces the likelihood of returning to work in the next year (0.86 odds ratio). Lowering the psychological distress of the cohort results in more people moving off JobSeeker.

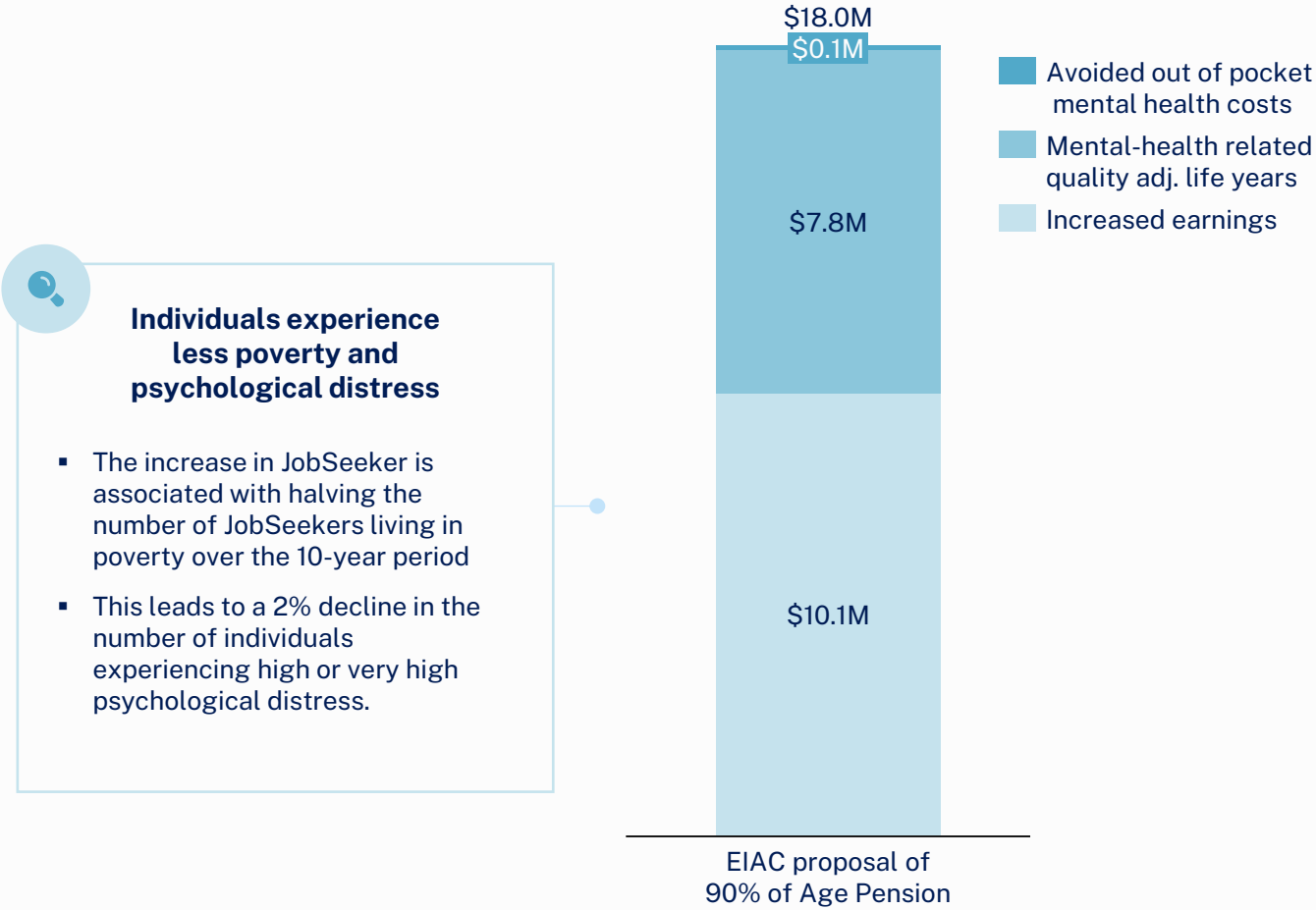
Improved mental health of the cohort leads to better quality of life outcomes for the cohort. The increase to the JobSeeker payment is associated with an 0.1% increase in the number of quality-adjusted life years. When psychological distress scores improve by one point (decreases by one point) a person gains 0.084 quality-adjusted life years. During the 10-year time period, the 20,000 person cohort experiences an extra 127 quality-adjusted life years in total; where each quality-adjusted life year is valued at \$79,000.¹

Additionally, there is a 0.5% decrease in the out of pocket mental health costs that individuals pay thanks to improved mental health.

¹ \$79,000 per one QALY in 2023 dollars, scaled for inflation from Huang et al.'s (2018) Life satisfaction, QALYs, and the monetary value of health estimate that individual's willingness to pay for one QALY is approximately A\$42,000-A\$67,000.

Exhibit 14: Total benefits to individuals from increasing JobSeeker for representative cohort

\$AUD, NPV @ 7% real discount rate, 2025 to 2034



Note All modelling uses DSS DOMINO administrative data, HILDA survey data (Waves 1-22)
Source: Mandala analysis.

The remaining half of the social return from an increase to JobSeeker accrues to broader society

The increase to JobSeeker leads to \$37.6 million in broader benefits to society over 10-years for the 20,000-person representative cohort, including additional benefits to the family and friends of the cohort as well as additional productivity gains to GDP.

Most of these benefits are due to improved productivity. The increased payment is associated with better mental health and lower psychological distress. Better mental health results in improved work performance for those who return to work, with the individuals taking fewer sick days and being more productive.¹

The improved mental health of the cohort also reduces the number of suicides, which adds \$4.7 million in benefits through the avoided lives lost.²

The increase to JobSeeker is associated with a reduction in childhood poverty. Increasing the number of children who never experience poverty results in \$4.9 million benefits through avoided losses of disability adjusted life years for the children of the cohort.³

1 Improvements to productivity are measured through decreased absenteeism and increased presenteeism (Appendix B: Slide 57)

2 Suicides are modelled using the levels of psychological distress within the cohort (Appendix B: Slide 83 to 86)

3 Avoided childhood poverty is calculated using the incomes of the cohort (Appendix B: Slide 87)

Exhibit 15: Total broader benefits to society from increasing JobSeeker for representative cohort





\$AUD, NPV @ 7% real discount rate, 2025 to 2034



Note All modelling uses DSS DOMINO administrative data, HILDA survey data (Waves 1-22)
Source: Mandala analysis

Estimating social returns was highly challenging due to a lack of Australian evidence and data in the available literature

LIMITATIONS AND CHALLENGES OF THE ANALYSIS

 CAUSALITY AND ASSOCIATIONS	 NON-QUANTIFIED BENEFITS	 FIXED EFFECT VS. EXPERIMENTAL STUDIES	 MACROECONOMIC EFFECTS
<ul style="list-style-type: none">Our report draws on the literature that identifies causal pathways where possible, but many relationships could not be created using causal techniquesInstead, we have created regressions that follow the causal pathways in the literature with the aim to model the possible effect sizes of the changes to income using a low-income populationIt is important to note that we do not use these regressions to imply causality but to estimate these effect sizes for our microsimulationThere is a significant lack of literature in Australia exploring the relationships between income (or benefit levels or poverty) and key social, health and economic outcome variables	<ul style="list-style-type: none">It is likely that our analysis significantly understate the benefits, as it excludes many difficult-to-quantify benefits, including but not limited to:<ul style="list-style-type: none">Dental access and outcomesAbility to afford medicineRelationships between accessing medicine and physical healthHousing and homeless benefitsOut of home care benefitsReducing poverty and hence the social and emotional costs of povertyReducing educational support costs related to children's mental health outcomesAdvice from subject matter experts indicates the unquantified benefits are substantial.	<ul style="list-style-type: none">Modelling in this report relies on results from generalized linear models (GLMs) to derive benefits of the increase instead of experimental studies (e.g. randomized controlled trials)We designed our own GLMs instead of using experimental studies as many of these studies did not provide income elasticities at the granularity required to model the benefits (e.g. modelling between income bands)This means that the benefits modelled in this analysis are likely conservative,¹ for example the reduction in the number of hospitalisations	<ul style="list-style-type: none">This report does not model the macroeconomic effects of recipients additional spending, household transfers to fund the increase or changes to government budgets as it is beyond our scopePrevious research conducted by Deloitte Access Economics, and Phillips and Webster has examined the macroeconomic impacts of an increase to JobSeekerAdditional analysis could quantify the social welfare effects on high-income households who would need to fund the increase to JobSeeker

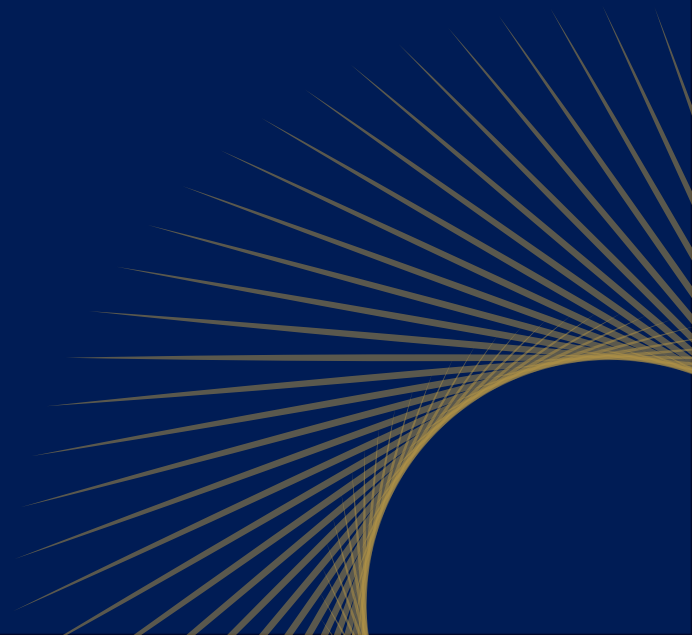
¹ Cooper and Stewart (2021), while identifying the effects of household income on childhood development outcomes, found that effects tend to be larger in experimental and quasi-experimental studies than in fixed effect approaches. Source: Mandala analysis.



Appendix A: Review of academic literature



APPENDIX A



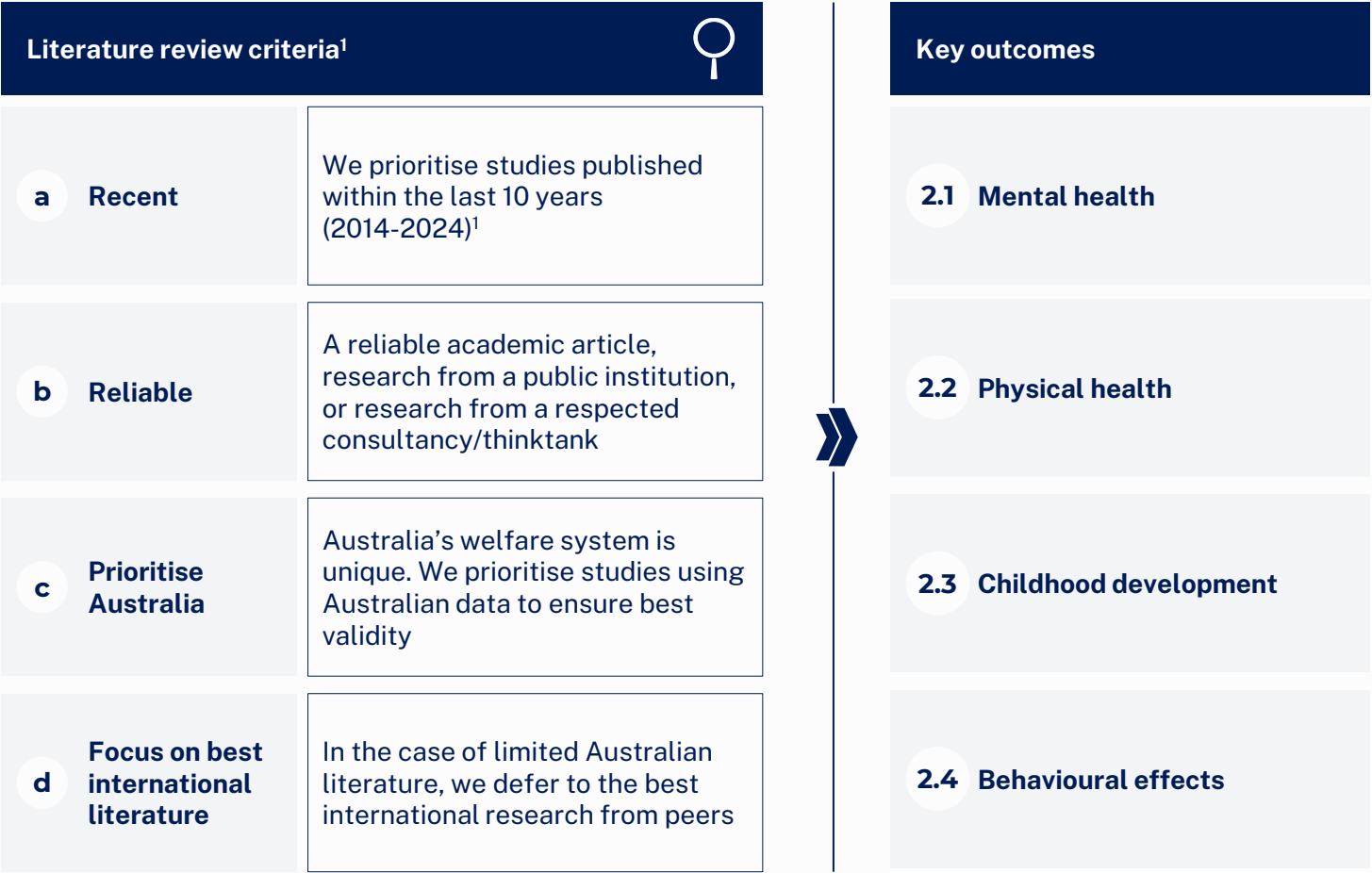
Research shows that low incomes are correlated with financial stress, poorer health, and poorer childhood outcomes

This study explores relevant international and Australian research on the evidence base on the likely costs and social benefits of raising the JobSeeker payment. Where possible, the study looks for evidence that controls for confounding variables – either through study design (e.g. randomised control trials), or through controlling for fixed effects in the analysis.

In this way, the impact of either a higher level of income for low-income individuals or an increase in unemployment benefit generosity on economic and social outcomes can be explored.

This study focusses on the outcomes across mental health by reducing financial stress, improving physical health through increased ability to afford nutritious food, medicine and visits to healthcare practitioners, improved childhood development through increased family spending on children and lower family stress, and behavioural effects including understanding the relationship between benefit levels and duration elasticities.

Exhibit 16: Relationships between unemployment benefit levels, or income, are explored for:



1 Due to limited Australian research, we make a judgement on the relevancy of the study based on the data and methodology used. In some cases, papers published prior to 2014 are featured.
2 See appendix for all sources used. Source: Mandala analysis.

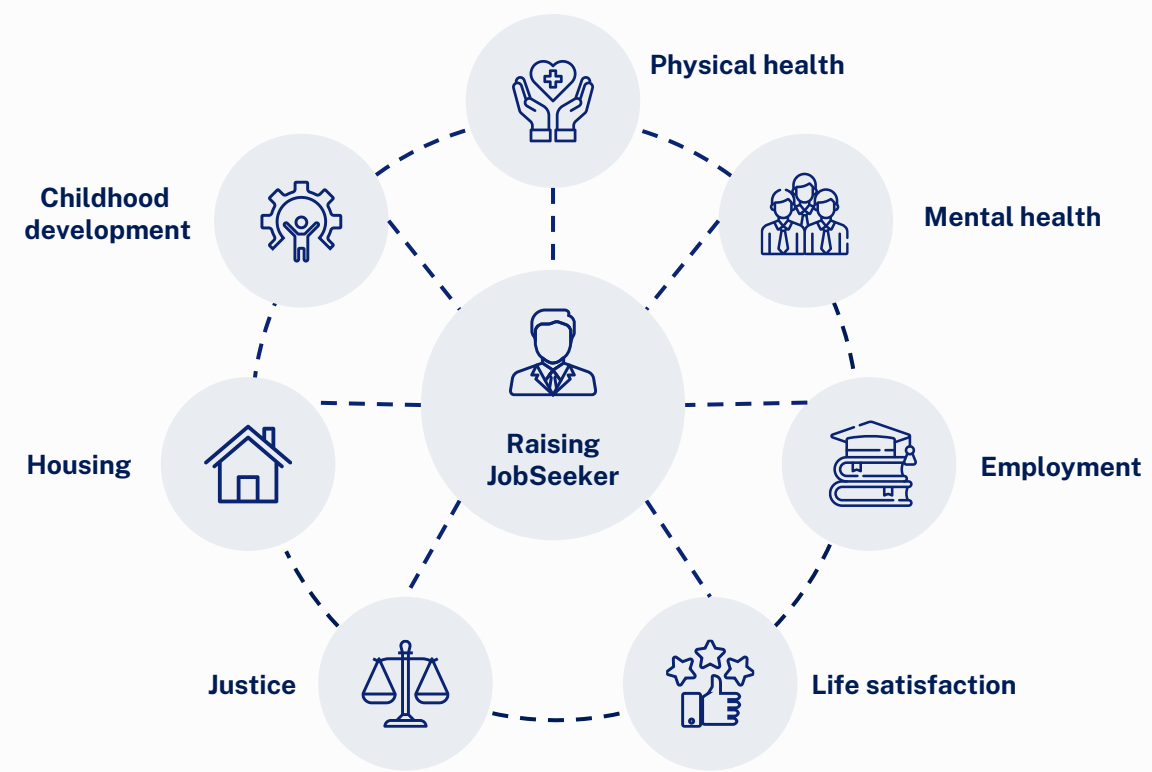
The social and economic benefits of raising income support payments are connected

Each aspect of a person’s wellbeing is interconnected. Improvements in one social outcome are often caused by and in turn cause improvements in another outcome.

An increase in income support payment levels can drive economic and social benefits:

- Immediate effects: a rise in income has direct links to improvements in social outcomes, primarily via increased consumption and reduced financial strain. For example, higher incomes supports higher expenditure on healthcare, leading to direct improvements in health.
- Longer term effects: these social benefits have flow-on effects on other connected aspects of a person’s economic and social wellbeing. For example, an improvement in health leads to greater capacity for employment, leading to ability to afford better housing, and so forth.

Exhibit 17: The interdependence of social benefits



- Each aspect of a person’s wellbeing and social outcomes are interconnected. Improvements in one social outcome are often caused by and in turn cause improvements in another outcome.
- This study examines research into the relationship between income or unemployment benefits and socio-economic outcomes across mental and physical health, childhood development, and employment behaviours.

Source: Mandala analysis.

Financial stress increases psychological distress and depression; reducing financial stress can be a mediating factor on mental ill-health

Financial strain and hardship are unequivocally linked with increased psychological distress and illness.

Loss of income causes mental illness.¹ The causal relationship between poverty and mental health disproportionately affects the poor and may have lasting impacts on their economic well-being.¹

Kiely et al. (2015) found a significant association between current financial hardship and increased risk of mental health problems.² Taylor et al. (2017), identified financial strain — particularly from housing costs and job security — as the primary predictor of psychological distress among parents in Western Sydney.³ Economou et al. (2018) found financial hardship is a key risk factor in the development of major depression.⁴

Sareen et al. (2011) found a decrease in household income between two time points was associated with an increased risk of incident mood, anxiety, or substance use disorders (adjusted odds ratio, 1.30; 99% confidence interval, 1.06-1.60) in comparison

with respondents with no change in income.⁵ Aranda and Lincoln (2011) found a relationship between financial strain and depressive symptoms in later life.⁶

The costs of mental ill-health to Australia are significant.

The Productivity Commission (2020) Inquiry into Mental Health in Australia conservatively estimated mental ill-health costs Australia over \$200 billion each year, or \$550m per day. This includes \$16b in health-related costs, \$12-39b in loss of participation and productivity costs, and \$150b in costs related to disability and premature death. Australians with severe mental illness on average die 10 to 15 years earlier, usually as a result of physical comorbidities.⁷ Other studies note the increase in likelihood of catastrophic health expenditure due to the comorbidity of mental health with chronic illnesses such as diabetes and heart disease.¹

Reducing financial strain, such as through higher unemployment benefits, can be a mediating factor on mental distress and ill-health.

Chen et al.'s (2023) longitudinal study in the US of cross-state and time series variation in unemployment benefits between 2003-2013 found a one standard deviation (\$1,000) increase in benefits was associated with a 5.1% improvement in self-reported mental health among the unemployed.⁸

In Australia, Butterworth et al. (2012) (n=8841) found a stronger relationship between financial hardship and 12-month depressive episodes than other socioeconomic factors. The findings suggest that addressing inequality in living conditions could be an effective way to minimise the burden of depression.⁹

Generous unemployment benefits are linked to better mental health and well-being among the unemployed, compared to countries with less generous benefits.¹⁰

Sources: 1. Ridley et al. (2020). 2. Kiely et al. (2015) 3. Taylor et al. (2017); 4. Economou et al (2018); Paleologou et al. (2019). 5. Sareen et al (2011). 6. Aranda and Lincoln (2011) 7. Productivity Commission (2020). 8. Chen et al. (2023). 9. Butterworth et al. (2012). 10. Kameräde and Bennett (2017). Mandala analysis.

JobSeekers struggle to pay rent, heat their homes, and often rely on community organisations for help

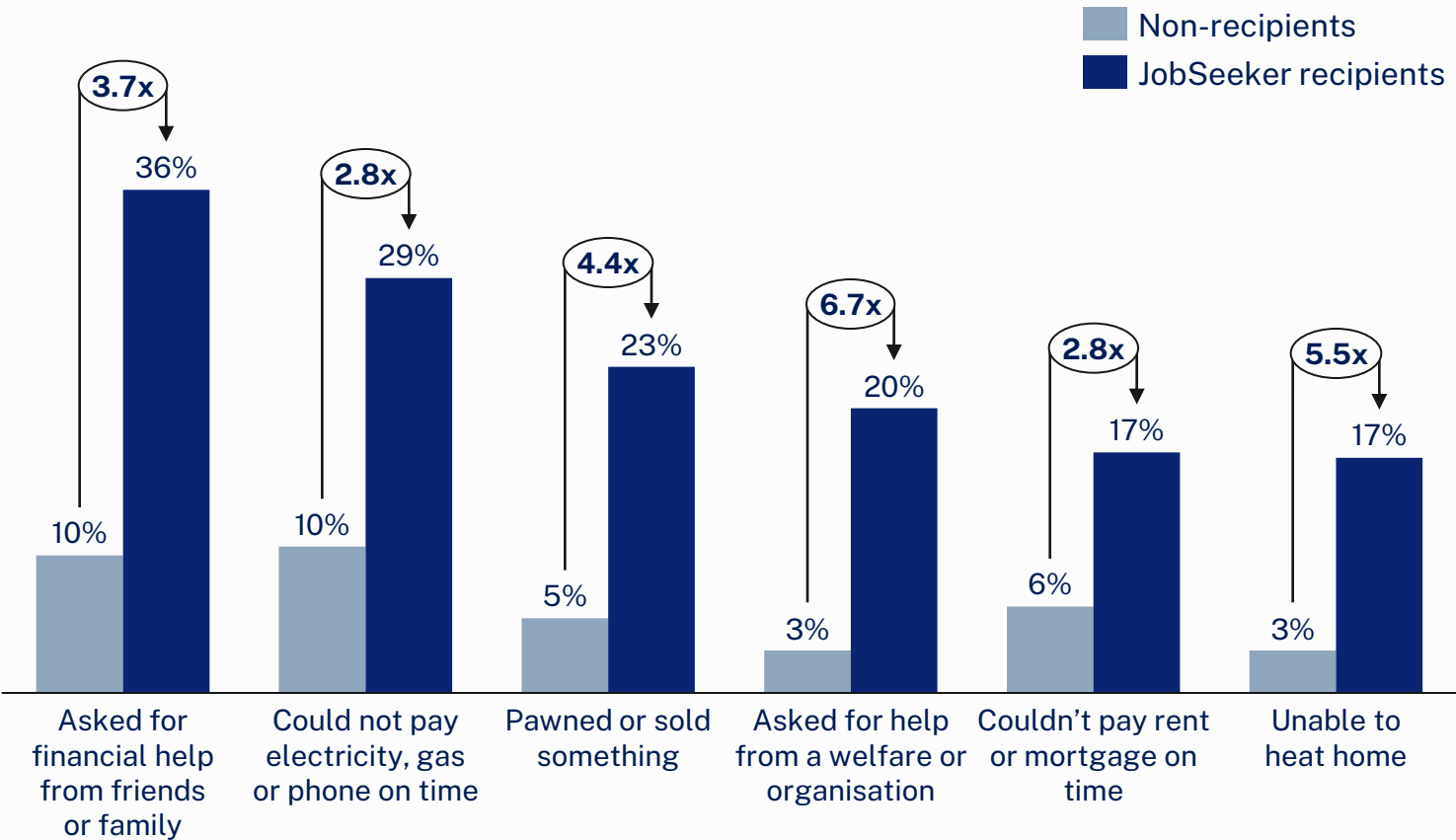
JobSeeker recipients experienced significantly higher rates of financial stress than non-recipients in Australia aged 22 to 66 across all measures.

For JobSeeker Payment recipients, the prevalence of experiencing at least one of the following stress measures since 1 January 2022 was significantly higher than non-recipients. For JobSeeker recipients in 2022:

- 36% asked for financial help from friends or family because of a shortage of money
- 29% could not pay their electricity, gas or phone bill on time because of a shortage of money
- 23% pawned or sold something because of a shortage of money
- 20% asked for help from a welfare or community organisation
- 17% couldn't pay their rent or mortgage on time because of a shortage of money
- 17% were unable to heat their home because of a shortage of money

Exhibit 18: Prevalence of experiencing the following because of a shortage of money

% of persons aged 22 to 66, 2022



JobSeeker status was determined by receiving JobSeeker for one week or more in the last twelve months (n obs = 571), variable: bnfnewsw.
Source: HILDA Survey Wave 22 using population weights; Mandala analysis.

Increases in JobSeeker reduce financial stress, improving mental health

Botha, Butterworth and Wilkins (2022) analysed unique nationally representative repeated cross-sectional data of 3,843 unemployed Australian adults over the period 6 April 2020 to 10 May 2021.

They found the Coronavirus Supplement payment significantly reduced reported financial stress, and lower financial stress was associated with lower mental distress.¹

Financial strain is correlated with more depressive symptoms, greater loneliness, and poorer self-reported physical health, mental health, and sleep.²

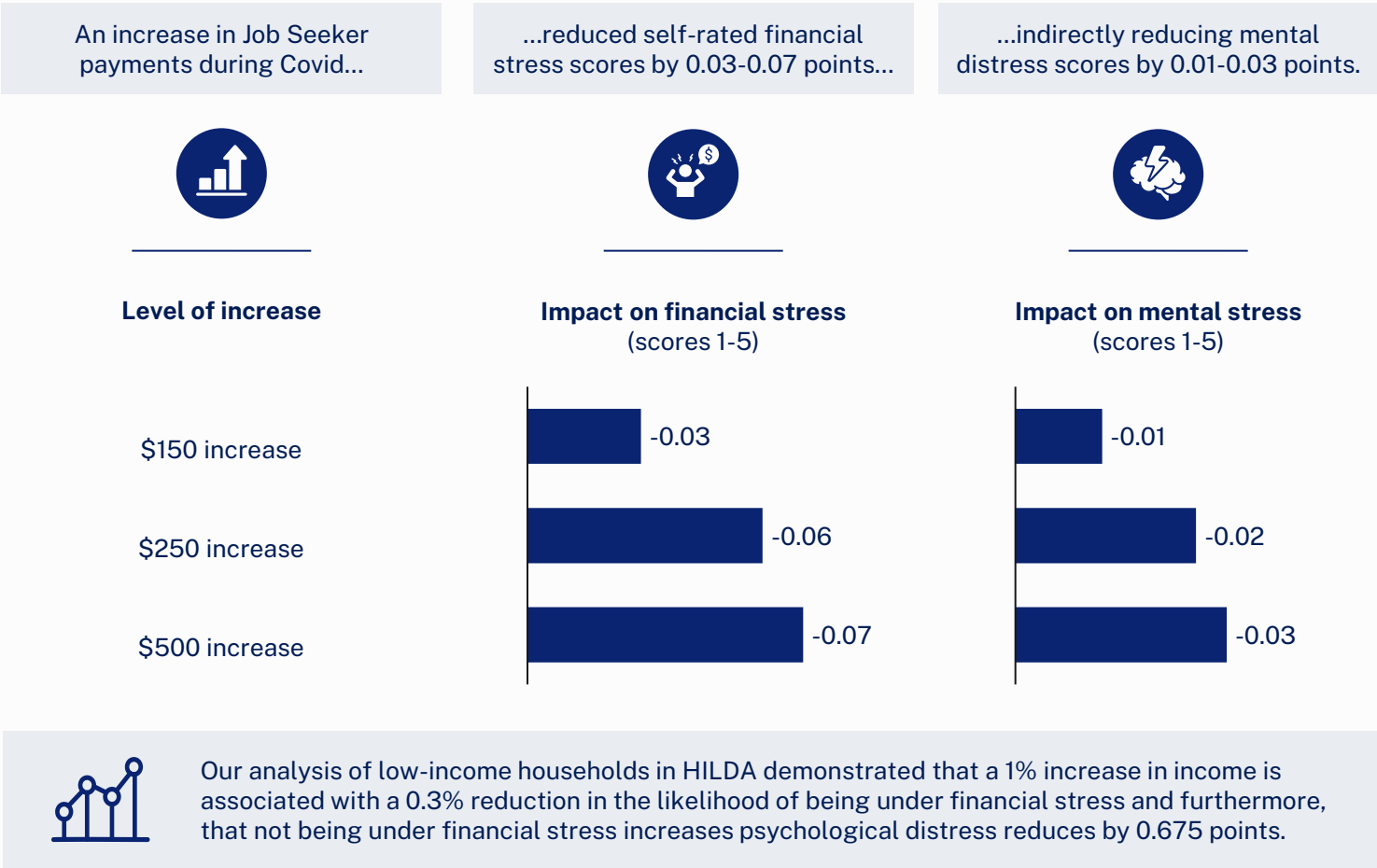
Zuelke et al. (2018) find unemployed persons receiving means-tested benefits constitute a risk group for depression that needs specific attention in the health care and social security system.³

Higher mental stress results in increased psychological distress and depression, which studies in Poland and Canada have shown increases inpatient costs (+22-24.1%) and outpatient costs (+8.9%).⁴

1. Botha, Butterworth and Wilkins (2022). 2. Guan et al. (2022); Butterworth et al. (2009); Sareen et al. (2008); Steptoe et al. (2020). 3. Zuelke et al. (2018). 4. Chiu et al. (2017); Grabe et al. (2009).

Exhibit 19: The impact of increases to JobSeeker during Covid-19 on the mental health of JobSeekers⁵

2022, standardised results

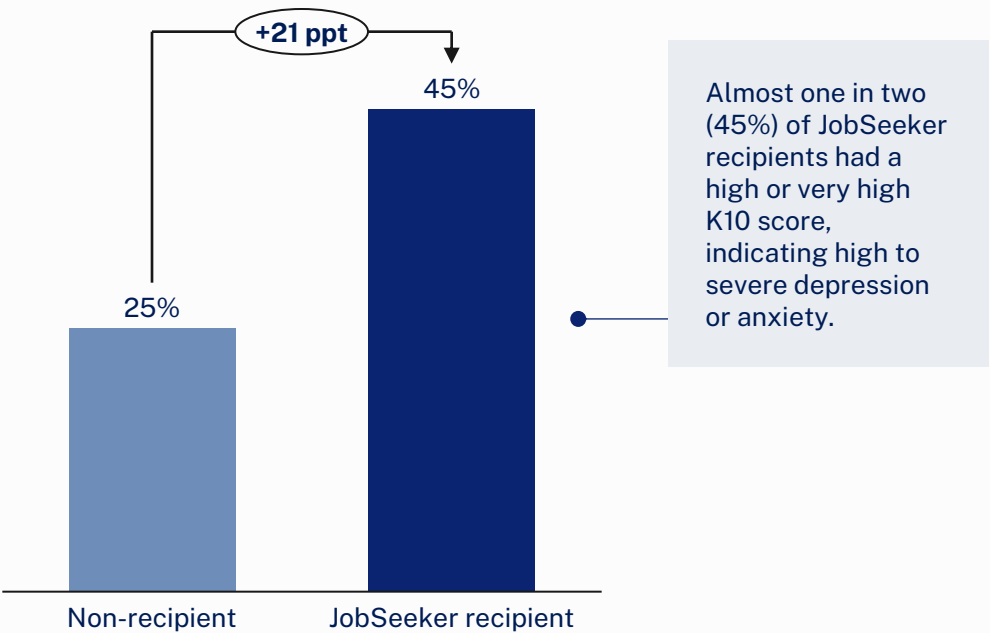


Source: Botha, Butterworth and Wilkins (2022) *Protecting mental health during periods of financial stress: Evidence from the Australian Coronavirus Supplement income support payment*, Table 3 & 5; HILDA Survey Wave 22 using population weights; Mandala analysis.

JobSeekers were almost twice as likely to be experiencing high to severe depression or anxiety...

Exhibit 20: Proportion of population experiencing a High or Very High psychological distress (Kessler 10 score greater than 22)

% of persons aged 22 to 66, 2021

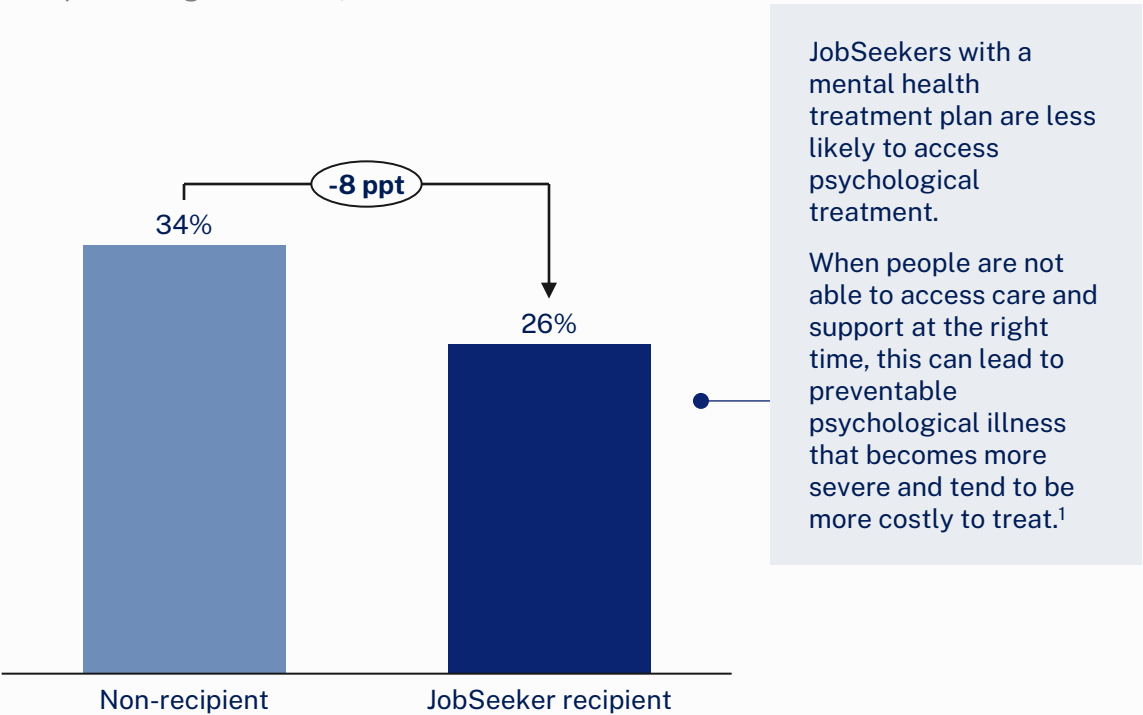


JobSeeker status was determined by receiving JobSeeker for one week or more in the last twelve months (n obs = 571). Between 2019 and 2021, the prevalence of JobSeeker recipients experiencing Very high or High K10 scores declined slightly from 47% to 45%, while for non-JobSeeker recipients the prevalence rose from 20% to 25%. Source: HILDA Survey Wave 21 using population weights; Mandala analysis.

... yet those with mental health treatment plans are less likely to access psychological treatment

Exhibit 21: Proportion of population with a mental health treatment plan who access allied health psychological services

% of persons aged 22 to 66, 2022



¹ The study population is the group of individuals that have a mental health treatment plan. ² Productivity Commission (2020) *Mental Health Inquiry*. Source: PLIDA, Mandala analysis

Lowering financial and psychological distress improves employment outcomes

Psychological distress worsens labour force outcomes.

Using Australian panel data from HILDA between 2002 to 2011 (n = 14,000), Frijters et al. (2014) tested the two-way causality between health and work. They used the panel structure and ‘the death of a close friend in the last 3 years’ as an instrumental variable to control for the endogeneity between employment status, wages and mental health.¹

After these controls, Frijters et al. (2014) found a one-standard-deviation decline in mental health reduces employment by 30 percentage points.¹ Further investigations suggest that this effect is predominantly a supply rather than a demand-side response and is larger for older than young workers.¹

Studies of the causal relationship between mental health and employment find diagnoses of psychiatric disorders and depression reduce the probability of employment by 13–26% across cohorts.²

Germinario et al (2022)’s approach estimated bounds that categorised as depressed decreases employment by 10% and earnings by 27%.³ Examining different levels of adverse mental health, they found going from having no (little) to severe depressive symptoms reduces employment by 3–18% and earnings by 11–44%.³

Chatterji et al (2011) found having a psychiatric disorder in the past year is associated with reductions of 9 and 14 percentage points in the likelihood of current labour force participation and in the likelihood of employment among males, and 19 and 13 percentage point reductions in these outcomes respectively among females.⁴

Increasing income for disadvantaged groups, including through government interventions on tax or benefits, improves non-work to work transitions.

A large-scale randomised controlled trial of guaranteed income in Los Angeles over the past two years showed recipients of a guaranteed income support of US\$1,000 per month were

significantly more likely to secure full-time employment than to remain unemployed not looking for work, compared to control participants across the duration of the pilot.⁵

In Australia, Cai et al. (2008) examined the effect of the New Tax System reforms in 2000 on lone parents. The reforms reduced the effective marginal tax rates and eased budget constraints.⁶ The study found non-work to work transition increased by an estimated 1.43 percentage points.⁶ At the same time, a smaller disincentive effect for work to non-work transitions increased by an estimated 0.88 percentage points. This means on net, more people transitioned into work than out. Average hours worked per week increased by 0.43, from a base on 13.50 hours.⁶

Sources: 1. Frijters et al. (2014). 2. Alexandre and French (2001); Chatterji et al. (2007); Ettner et al. (1997). 3. Germinario et al. (2022) 4. Chatterji et al. (2011) 5. Kim et al. (2024). 6. Cai et al. (2008). Mandala analysis.

Improving mental health outcomes will improve productivity

Mental ill-health increases absenteeism, presenteeism and withdrawal from the labour market.

For example, depression typically disrupts sleep, leading to fatigue and concentration problems which trigger higher rates of absenteeism, lower labour supply, lower productivity, and thus lower earnings. Going from having no (little) to severe depressive symptoms reduces employment by 3–18% and earnings by 11–44%.¹

An NBER Working Paper by Prinz et al. (2018) summarised the literature on the role of mental health in determining labour market outcomes in developed economies. They identified 11 studies with different methods that explore economic outcomes including labour force status, wages and productivity.² This included a 1998 randomised controlled trial that found strong evidence that when antidepressants reduce depressive symptoms, the subjective evaluation of work productivity improves.³

Banerjee et al. (2015) address the potential

endogeneity of mental illness using Lewbel’s (2012) approach that relies on heteroscedastic covariance restrictions. They find adverse effects on employment and labour force participation, fewer weeks worked and increased absenteeism are related to mental illness.⁴

Frijters et al. (2014) use 10 waves of HILDA panel data with an instrumental variable model that allows for individual-level fixed effects to control for time-invariant individual characteristics correlated with mental health and labour market outcomes. This method is applied to understand the two-way causality between mental health and work. They find evidence that a one-standard-deviation decline in mental health reduces employment by 30 percentage points.⁵

Jiménez-Solomon et al. (2024) used cross-lagged panel models with unit fixed effects and data from a five-wave representative panel ($n = 3,103$) of working-age (18–64) New York City adults. Yearly measures include individual earnings, family income (income-to-needs), and psychological

distress; as well as examining effects by age, gender, education, and racial/ethnic identification. They found increases in psychological distress reduce next-year earnings ($\beta = -0.03$).⁶

The Productivity Commission’s (2020) inquiry identify the loss of participation and productivity caused by the lower participation, absenteeism and presenteeism effects of poor mental health costs more than \$12 billion annually to the Australian economy. The Inquiry found reforms to improve mental health increase the likelihood of employment and expected incomes, while also improving health-related quality of life. The Inquiry estimates that key reforms would create annual benefits of up to \$1.3 billion per year via economic participation and productivity.⁷

Additionally, the evidence finds health shocks increase the burden of informal care on partners.⁸

Sources: 1. Germinario et al. (2022) 2. Prinz et al. (2018). 3. Berndt et al. (1998). 4. Banerjee et al. (2015). 5. Frijters et al. (2014). 6. Jiménez-Solomon et al. (2024). 7. Productivity Commission (2020). 8. Giaquinto et al. (2022); Mandala analysis.

JobSeeker recipients had the highest number of suicides among income support recipients

In the decade to 2021, 5,997 unemployment payment recipients died by suicide.

More JobSeeker recipients died by suicide between 2011 to 2021 than any other group on income support payments. The number of deaths by suicide by those receiving JobSeeker were highest among the 16-25 years, 26-35 and 36-45 age brackets compared to those receiving other payment types.

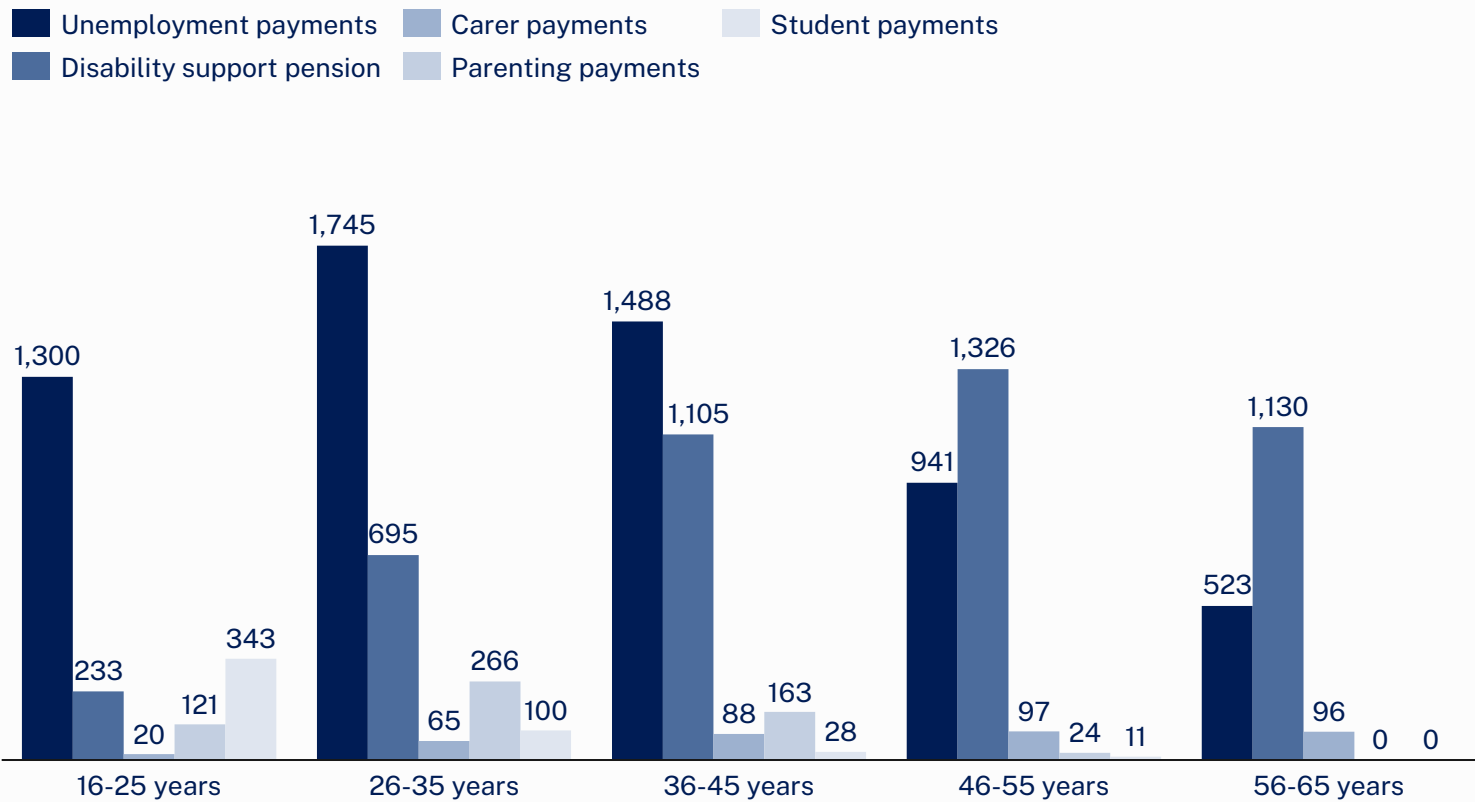
The Productivity Commission estimates the cost of a life lost due to suicide at \$9.4 million in 2020.¹

A 2018 report by Mental Health Australia (MHA) and KPMG states that suicide cost the Australian economy more than \$1.6B in 2016 with 2,866 lives lost annually.²

¹ Productivity Commission (2020) *Mental Health Inquiry*. ² KPMG (2018), *Investing to save: the economic benefits for Australia of investment in mental health reform*.

Exhibit 22: Number of deaths by suicide among those who received income support payments

Total number of deaths by suicide across the decade from 2011 to 2021



Source: AIHW (2024), *Supporting people who experience socioeconomic disadvantage: Deaths by suicide among Centrelink income support recipients*

Improving mental health outcomes can reduce the cost of lives lost due to suicide

Increasing unemployment benefits can reduce financial and psychological distress and may reduce suicide rates.

Three studies (Antonakakis and Collins, 2015; Cylus et al., 2014; Norström and Grönqvist, 2015) find evidence that higher unemployment benefits are associated with a reduction in suicide rates.¹

Antonakakis and Collins (2015) studied the effects of austerity measures on suicide rates in five peripheral Eurozone countries. They found that this relationship was influenced by unemployment benefits and employment protection laws. The impact varied based on age, gender, and specific policies. Notably, a one-unit increase in unemployment benefit replacement rates led to a 0.55% reduction in suicide rates among individuals aged 25–44 and a 0.33% reduction for males aged 65–89.²

In a study of U.S. states, Cylus et al. (2014) examined how the generosity of unemployment benefit programs affected suicide rates during economic downturns. They defined generosity as

the maximum unemployment benefit amount multiplied by the maximum eligibility duration within a year. States with benefits above the average (\$7,990 per person per year) experienced smaller increases in suicide rates as unemployment rose, compared to states with lower benefits. Their findings suggest the impact of unemployment rates on suicide is offset by the presence of generous state unemployment benefit programs, though estimated effects are small in magnitude.³

Norström and Grönqvist (2014) examined the link between increases in unemployment and suicide using time-series data for 30 countries spanning the period 1960–2012. Separate fixed-effects models were estimated for each of five welfare state regimes with different levels of unemployment protection (Eastern, Southern, Anglo-Saxon, Bismarckian and Scandinavian). Their findings showed more generous unemployment systems protect against suicide in cases of rising unemployment. There was a significant gradient in the effects among males, with the strongest

relationships found between unemployment and suicide in the groups with the lowest unemployment benefits (Eastern Europe: elasticity = 0.28; Southern Europe: elasticity = 0.166), and the weakest effects in the two groups with the highest benefits (Bismarckian: elasticity = 0.038; Scandinavian: elasticity=0.030).⁴

Choi et al. (2021) in a Korean study, find persistent financial hardship has a cumulative effect on suicide ideation, which increases with age.⁵

A US study comparing the generosity of state earned income tax credits found a 10-percentage point increase in state earned income tax credit reduced suicide attempts by 4 per 10,000 annually. The study suggested income support policies may be one way to reduce suicide attempts and death, especially among low-income adults.⁶

Sources: 1. Shand et al. (2021). 2. Antonakakis and Collins (2015). 3. Cylus et al. (2014). 4. Norström and Grönqvist (2014). 5. Choi et al. (2021). 6. Morgan et al. (2020). Mandala analysis.

The literature shows physical health outcomes improve when incomes increase

One third of low-income households are spending more than 10% of their income on healthcare.¹ One in four Australian adults with select physical health conditions were avoiding care due to costs.²

Low-income households spend 40-59% less than higher-income households in absolute terms but a greater share of their relative incomes on medicines and health practitioner visits³, despite being more likely to have a health condition.⁴ In US studies, fewer primary healthcare visits are associated with more ED visits, more hospitalisations, and higher costs.⁵

Aittomäki et al. (2012) tested causality, finding low household economic resources predicted future health problems, and health problems predicted deterioration in labour-market advantage.⁶

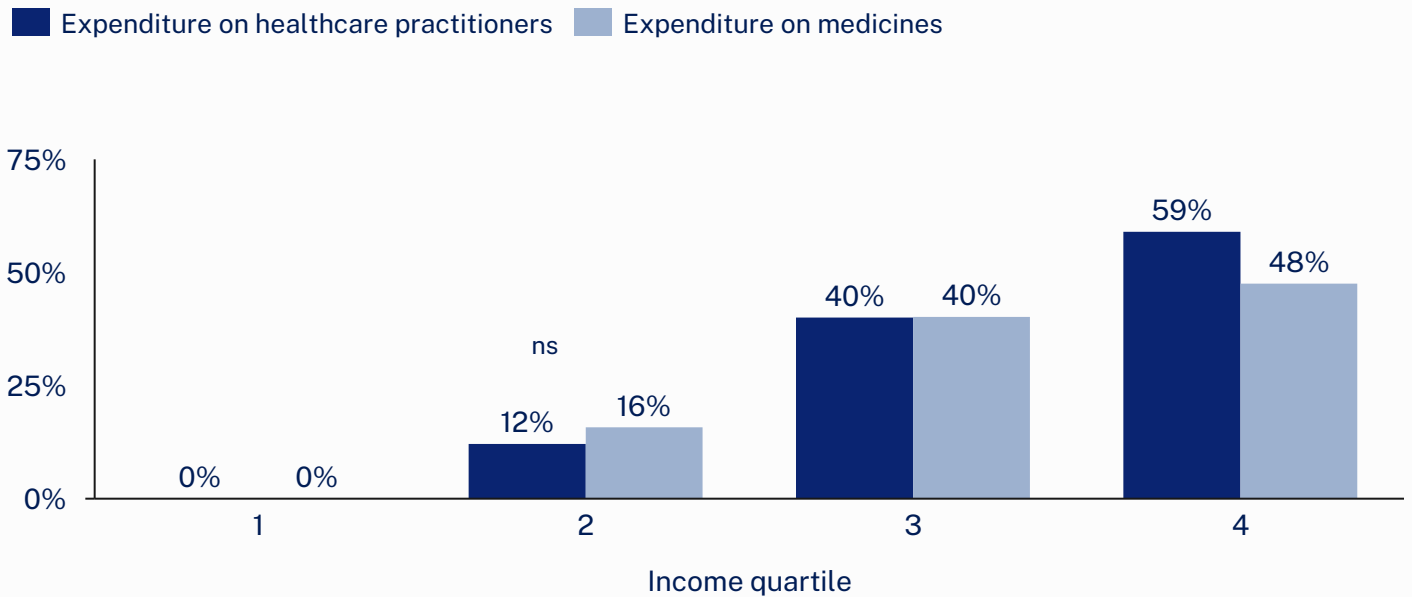
Tøge (2016) found decreases in self-reported health due to becoming unemployed were 19% weaker after controlling for changes in financial strain.⁷

In Canada, unemployment benefits reduce the probability of reporting poor self-rated health among the unemployed by up to 4.9%, with effects highest for low-income individuals.⁸ In the US, a 63% increase in benefits was found to completely offset the impact of unemployment on self-reported health.⁹

1. Callander et al. (2019) . 2. Callander et al. (2017) 3. Best & Tuncay (2022). 4 Callander et al. (2019). 5. Rose et al. (2018); Gao et al. (2022). 6. Aittomäki et al. (2012). 7. Tøge (2016). 8. Shahidi et al. (2019). 9. Cylus et al. (2015)

Exhibit 23: The relationship between income and expenditure on healthcare in Australian households

From 2014 and 2018 HILDA data, y-axis = % increase in expenditure compared to quartile 1, x-ais = income quartile



Income quartile 1 (the lowest 25% of earners) is the reference group for the study

Moving from income quartile 1 to income quartile 2, Australian households increase expenditure on medicine by 16%

Overall, Best and Tuncay (2022) found for every \$1 increase in income, there's a \$0.20 increase in spending on health practitioners

Source: Best & Tuncay (2023) *Understanding household healthcare expenditure can promote health policy reform*. See Table 4 and Table 6, model 2; Mandala analysis.

The literature shows children’s development outcomes improve when incomes increase

Early-life conditions — poverty experienced in childhood and in utero — increase the likelihood of poor nutrition and other stressors, resulting in impaired cognitive development and adult mental illness.¹ Parental mental illness can also influence children’s cognitive development and educational attainment, transmitting mental illness and poverty across generations.¹

Nicholson et al. (2012) used the Longitudinal Study of Australian Children to examine how family income, parents' hours of work and the quality of parents’ jobs affect childhood development.⁸

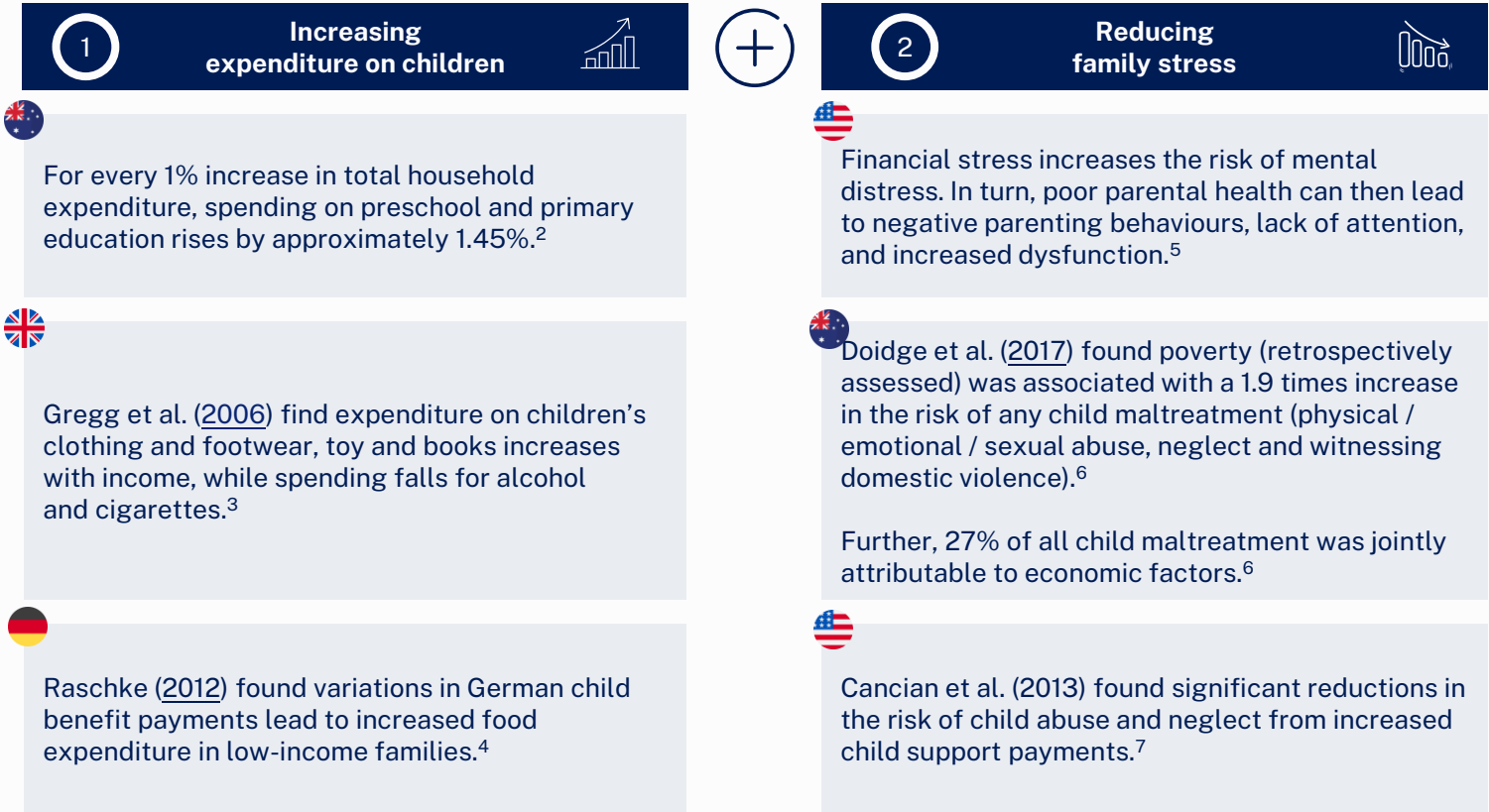
Comparing children from the most disadvantaged backgrounds to children from the most advantaged families, the study found:

- 37% more children from the most disadvantaged backgrounds had poor cognitive outcomes,
- 19% more exhibited poorer socio-emotional adjustment, and
- 11% more had problems with their physical health.⁸

1. Ridley et al. (2020). 8. Nicholson et al. (2012).

Exhibit 24: Income is related to child outcomes via two main channels

 Country of study



Sources: 2 Jääskelä & Windsor, (2011). See Appendix A. Results are for 2009/2010. 3 Gregg et al. (2006). 4 Raschke (2012). 5 Kamis (2021). 6 Doidge et al. (2017). 7 Cancian et al. (2013).

Increasing income or benefits improves childhood development outcomes

International evidence shows increases in income are associated with improvements in children’s cognitive, social and health outcomes.

A systematic review of randomised control trials (RCTs), quasi-experimental studies and observation studies using fixed effect longitudinal studies showed income positively impacted child outcomes in 63% of studies.⁴

The results highlight the positive causal effect of household income on children’s outcomes, including their cognitive and social-behavioural development and their health, particularly in households with low income to begin with. The results also show clear evidence of a positive causal effect of income on ‘intermediate outcomes’ that are important for children’s development, including maternal mental health, parenting and the home environment.

The review identifies studies with the following effects sizes related to a US\$1,000 increase in annual income was associated with a x% standard deviation improvement in childhood development

outcomes across:

- **Cognitive outcomes:** Gennetian and Miller (2002) look at school performance in the US find an effect size of 10%. Elstad and Bakken (2015) find an effect size of 1% on school grades in Norway, and found more noteworthy effects for the 5% of families with the lowest incomes, suggesting that in these families, lack of income hinders children’s school performance.³
- **Social outcomes:** In Canada, Milligan and Stabile (2011) found a 10% effect size for reductions in anxiety and physical aggression.⁴ In the US, Hamad and Rehkopf (2015) found a 3% effect size on the Behaviour Problem index.⁵
- **Health outcomes:** Mocan et al. (2015) and Chung, Ha and Kim (2016) in US studies found a 1% effect size of income on birthweight.⁶

An Australian study by Khanam and Nghiem (2016), examined family income effects on children’s cognitive development. They control for parental investment, parental stress, and neighborhood

characteristics to examine if these factors mediate the effects of income. The study finds that family income is significantly associated with children’s cognitive skills.⁷ Bernal and Keane (2011) find test scores at ages 5-6 are significantly correlated with educational attainment measured at age 18.⁸

Welfare cuts in the US adversely affected engagement in parent-child activities⁹ and were significantly associated with approximately 0.3–0.4 standard deviation lower scores on provision of emotional support by parents.¹⁰

A 2024 study examined the effects of a large welfare benefit reduction for adult refugees who received residency in Denmark, which reduced their disposable income by 30% on average over the first five years. It found that children exposed to the welfare cut during preschool and school-age obtained lower GPAs, had reduced well-being and overall education levels, and suffered lower employment and earnings as adults. Teens at exposure faced large increases in conviction probabilities for violent and property crimes.¹¹

Sources: 1. Cooper and Stewart (2020). See Tables 5, 6, 7. 2. Gennetian and Miller (2002). 3. Elstad and Bakken (2015). 4. Milligan and Stabile (2011). 5. Hamad and Rehkopf (2015). 6. Mocan et al. (2015); Chung et al. (2016). 7. Khanam & Nghiem (2016). 8. Bernal & Keane (2011). 9. Reichman et al. (2020). 10. Kalil et al. (2022). 11. Dustmann et al. (2024).

After accounting for publication bias, a typical replacement rate-duration elasticity is 0.36

Cohen and Ganong (2024) undertook a meta-analysis of 54 studies, found that after accounting for publication bias and study characteristics, a typical replacement rate duration elasticity is 0.36.¹

Vivalt et al. (2023) studied a randomised control trial (RCT) where 1,000 low-income adults in the US received \$1,000 per month for three years, with the 2,000 control participants receiving \$50 over that same time period. The program resulted in a 2.0 percentage point decrease in labour market participation for participants and a 1.3-1.4 hour per week reduction in labour hours.²

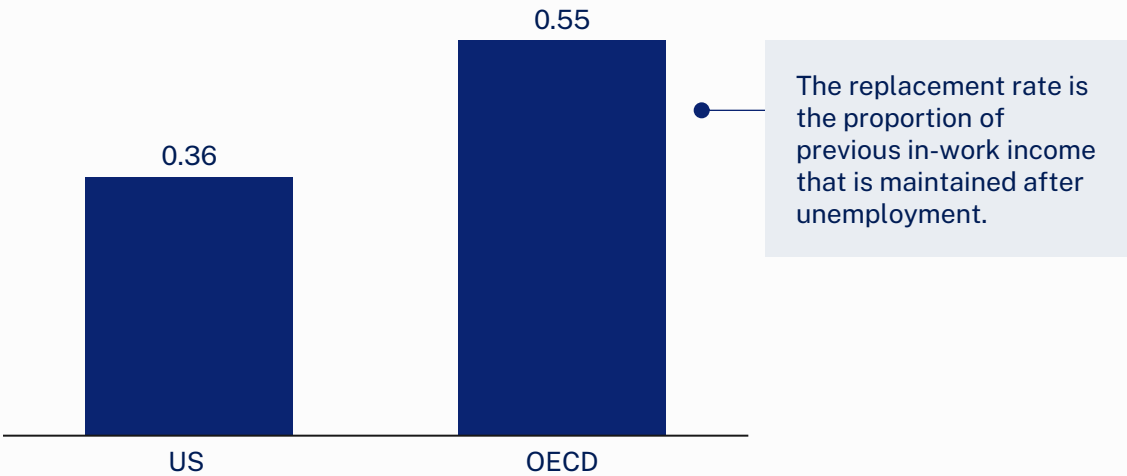
Le Barbanchon et al. (2024) found the median ‘behavioural cost’ in the US for each additional \$1 transfer in unemployment benefits was \$0.35-\$0.81, depending on assumptions.³ Replacement rates in the US tend to be higher than Australia not necessarily because their unemployment payment rates are relatively more generous but because their minimum wages are relatively lower.

The EIAC (2024) suggests a substantial increase to JobSeeker would not affect work incentives, as they would still earn less than 97.5% of employed Australians.⁴ Buddelmeyer et al. (2009) also find only weak evidence that low-wage employment is a conduit for repeat unemployment.⁵

1 Cohen & Ganong (2024). 2 Vivalt et al. (2024). 3 Le Barbanchon et al. (2024). 4 EIAC (2024). 5 Buddelmeyer et al. (2009).

Exhibit 25: Elasticity of time spent on unemployment payments

Based on a 1% increase in replacement rate, weighted median across studies, by region



Cohen and Ganong (2024) found that:

- In US studies, a 1% increase extends unemployment duration by 0.36% from a baseline replacement rate of 43.5%. In studies across OECD countries, it's higher at 0.55% from a 62% replacement rate baseline.
- The average replacement rate observed in the US studies was **43.5%** and last 26 weeks in most states.
- The average replacement rate across OECD studies was **62%**, and the potential benefit duration was 80 weeks.
- This indicates elasticities increase as the base replacement rate and base potential benefit duration increases. Notably, Australia's replacement rate is **32%**.

Source: Cohen & Ganong (2024); Mandala analysis.

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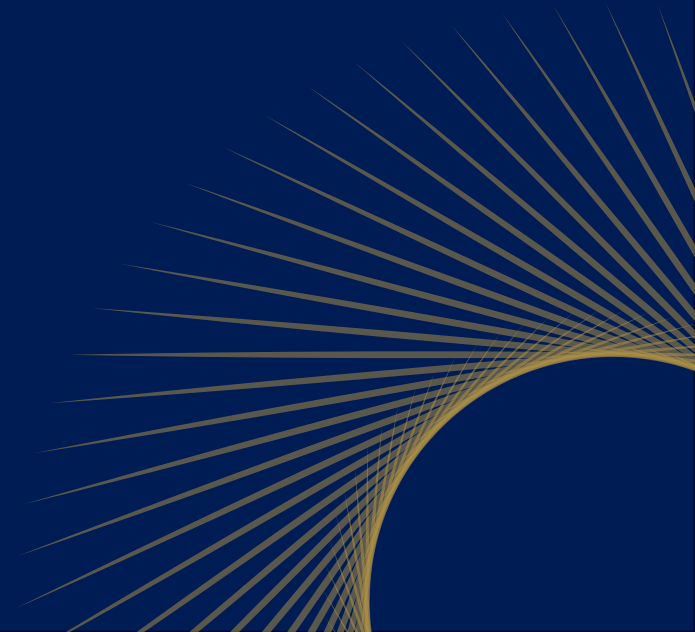
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Appendix B: Microsimulation Approach and Regression Tables

APPENDIX B



Glossary of key technical terms

TERM	DESCRIPTION
Regression	Regression models are a statistical technique to analyse the relationships between different factors and an outcome variable. We use regressions to estimate the effect of each factor on the outcome we are modelling, while controlling for potential confounding variables.
Odds ratio	<p>Odds ratios help us with interpretating the results of logistic regressions, by transforming the coefficients produced by the regression. They help us explain how each factor is associated with the outcome we are modelling relative to a comparison factor.</p> <p>For example, if we found the association between not having a child (relative to having a child – the comparison factor) and being under financial stress has an odds ratio of 0.543, we could say that an individual who does not have a child is 0.543 times as likely to be under financial stress as an individual with a child, holding all other factors constant.</p>
Confidence interval	<p>Confidence intervals provide statistical bounds for the effect sizes (coefficients and odds ratios) calculated by each regression. They help us conceptualise the range of the values possible in different samples.</p> <p>All confidence intervals reported in the regressions tables are 95% confidence intervals. As an example, if a variable has a 95% confidence interval for the odds ratio of (1.5, 2.0), this means that we expect the average odds ratio to fall between 1.5 and 2.0 95% of the time.</p>
P-value	<p>Each regression includes p-values for our estimates on how different factors of the study cohort are associated with an outcome. The p-value is a probability that helps us evaluate whether the observed differences between individuals in the cohort is due to random chance, or if it is associated with the factor (e.g. higher income).</p> <p>A small p-value indicates that it is less likely that the observed differences between individuals in the cohort are due to random chance and are instead due to the factors studied. See statistical significance below for further information.</p>
Statistical significance	<p>Statistical significance and p-values are closely related. Statistical significance helps measure whether observed differences in the data of outcomes are likely due to random chance or not.</p> <p>For example, if the p-value associated with logged income and financial stress is below 1% (i.e. $p < 0.01$), we can deduce that “the effect of logged income on financial stress is statistically significant at the 1% level”.</p> <p>In our regression analysis, we call out statistical significance at the 10% (*), 5% (**) and 1% (***) levels.</p>

Source: Mandala analysis.

Approach to modelling an increase to the JobSeeker Payment

This report examines the impacts of increasing the JobSeeker Payment to 90% of the Age Pension rate. The analysis considers both the direct costs to government and the broader social and economic benefits stemming from this investment, with particular focus on health outcomes, labour market participation, and childhood development impacts.

This analysis considers the dual objectives of providing an adequate income support level to prevent poverty and enabling returns to work. The adequacy of current payment levels in supporting participants to springboard back into employment has been questioned. JobSeeker Payment rates have fallen to 32% of previous wages, the second lowest replacement rate in the OECD at the two-month mark.¹

Regarding the adequacy of current payment levels, 47% of recipients are on payment for over 2 years, suggesting barriers to employment transitions.² 43% have partial work capacity, indicating complex barriers to full-time work.² High rates of psychological distress (45% vs 24% for non-recipients) may impede job search.³ Psychological distress is worsened by high rates of experiencing more

than three measures of financial strain (26% vs 5% for non-recipients), which reduces resources for job search.⁴

This report presents the results of a bespoke microsimulation model designed to understand the impacts of a rise in JobSeeker Payment level. The analysis relies heavily on primary econometric analysis informed (to the extent possible) by the causal pathways identified in the literature to examine the relationship between income and socio-economic factors. Bespoke modelling helps project results for a low-income Australian cohort.

The microsimulation is applied to a representative cohort to simulate 20,000 individuals over a 10-year period. Demographic matching aligns the characteristics of the cohort with the current JobSeeker cohort.

The simulation models individual transitions through labour force outcomes. It forecasts financial stress, health, and childhood development outcomes.

The benefits of improved incomes that were readily quantified are:

1. Physical and mental health outcomes: lower financial

stress and improved mental health (Kessler-10 scale), fewer declines in physical health, reduced GP visits and hospitalisations; and additional Quality-Adjusted Life Years (QALYs).

2. Economic outcomes: lower financial stress, stronger labour market transitions via improved mental health, lower rates of crime, boosts to individual income and economy-wide productivity.

3. Childhood development outcomes: lower childhood poverty, higher childhood educational attainment and lower lifetime social security system use for children of the cohort.

The analysis focuses on incremental improvements attributable to the JobSeeker increase compared to current payment levels.

All monetary values are expressed in 2024 Australian dollars. Future costs and benefits are discounted using a real rate of 7% per annum in line with Australian Government guidelines, with sensitivity testing at 3% and 10%.

Understanding our microsimulation approach



The microsimulation creates a 'virtual population' that mirrors the characteristics and behaviours of real people, allowing analysis of how policy changes affect different groups in society. We used this approach to model 20,000 simulated individuals over 10 years, tracking changes in their health, employment, financial circumstances and their children's outcomes when JobSeeker Payment increases to 90% of the Age Pension rate.

COMPONENT	DESCRIPTION
Microsimulation modelling	<ul style="list-style-type: none">Microsimulation is a modelling technique that simulates life outcomes for individuals and their families over time. The approach creates a 'virtual population' that mirrors the characteristics and behaviors of real people, allowing analysis of how policy changes affect different groups in society.This study employs microsimulation to analyse the effects of raising JobSeeker Payment to 90% of the Age Pension rate (a 32.4% uplift). The model follows 20,000 simulated individuals over 10 years, tracking changes in their health, employment, income and children's outcomes.
Microsimulation framework	<ul style="list-style-type: none">The model simulates two scenarios:<ul style="list-style-type: none">A baseline scenario with current JobSeeker Payment ratesAn uplift scenario where payments increase to 90% of the Age Pension (a 32.4% uplift)For each scenario, the model tracks individuals' transitions through states including labour force status and income, physical and mental health outcomes, financial and psychological distress, healthcare utilisation, and child educational outcomes. We run each scenario 30 times and take the average over these 30 simulations when reporting our final results.
Representative cohort construction	<ul style="list-style-type: none">The microsimulation's 20,000-person cohort reflects the characteristics of JobSeeker recipients who began receiving payments between January and March 2022. The cohort is constructed using analysis of the key demographics of these JobSeekers including spell duration, age and gender, educational attainment, partner status, work capacity, and dependent status (number and age of kids).This demographic matching ensures the simulated population accurately represents the diversity and complexity of the JobSeeker recipient population.
Actuarial approach	<ul style="list-style-type: none">The microsimulation embeds actuarial principles to assess long-term costs and benefits. For each simulated individual, the model tracks future payment and income streams, transitions between payment levels, and mortality risks using Australian Life Tables. This allows us to project lifetime costs under both current and increased payment scenarios, incorporating risk adjustments and standard government discount rates.The actuarial valuation converts simulated outcomes into monetary values. It quantifies direct costs like increased payments, but also captures future benefits such as improved health outcomes (measured through Quality Adjusted Life Years), productivity gains from better mental health, and intergenerational effects through childhood development.

Source: Mandala analysis.

The microsimulation model draws on various data and statistical approaches

The analysis underpinning this report draws on a range of different data sources, including:

Administrative Data

- Unit-record Data Over Multiple Individual Occurrences (DOMINO) data from the Department of Social Services (DSS) data on JobSeeker recipients
- Unit-record Participant Level Integrated Data Asset (PLIDA) Medicare Benefits Schedule (MBS) claims data

Longitudinal Survey Data

- Household, Income and Labour Dynamics in Australia (HILDA) Survey Waves 1-22
- Longitudinal Study of Australian Children (LSAC)
- Longitudinal Surveys of Australian Youth (LSAY)

Secondary Data

- Australian Life Tables 2015-17 (ALT) from the Australian Government Actuary, providing mortality rates.
- Australian Bureau of Statistics (ABS) population and labour force data
- Australian Institute of Health and Welfare (AIHW) data
- Priority Investment Approach actuarial valuation data

- Services Australia payment rates and eligibility criteria

Various statistical regression techniques are used to appropriately model the relationship between income and key outcome variables depending on their distribution and characteristics.

Survival analysis techniques incorporating ALT 2015-17 mortality rates (qx) were employed to account for demographic attrition in longitudinal projections. This allows for more accurate modelling of long-term outcomes by incorporating age and gender-specific mortality risks. The analysis uses period life tables with mortality rates (qx) differentiated by age and sex.

Binary logistic regressions are used for dichotomous outcomes such as JobSeeker status, employing a logit link function to model outcome probabilities. For outcomes with multiple categories, such as GP visit frequency bands, multinomial logistic regression is applied for maximum likelihood estimation to calculate relative risk ratios.

Ordinal regressions are applied for ordered categorical variables like duration on JobSeeker, accounting for the sequential nature of these outcomes and estimating cumulative probabilities across categories.

Linear regression using ordinary least squares estimation is used for continuous outcomes including psychological distress and NAPLAN scores, directly modelling linear relationships between variables.

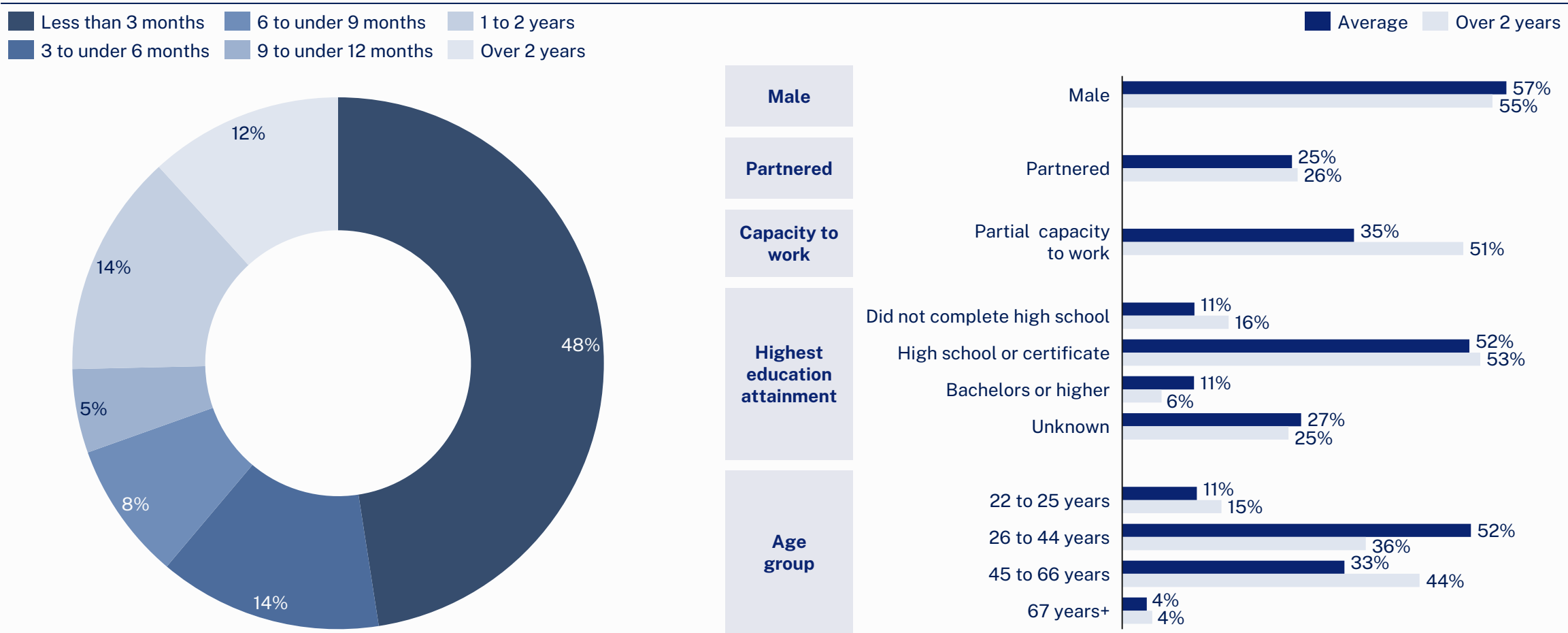
Models control for a range of factors depending on the regression (refer to each coefficient table to understand the variables included). These control variables help to isolate the effects of key outcome variables by accounting for confounding factors, and variously include:

- Demographics: age, gender, living with/without partner, presence and age of dependents);
- Labour force status; educational attainment;
- Health status: health scores, psychological distress measures, prior health conditions/capacity to work; and
- Time-related controls: COVID period indicator, previous JobSeeker status, the duration of benefit receipt.

The models report various goodness-of-fit measures including Area Under the ROC Curve (AUC) for logistic models and R-squared for linear regressions. Refer to the Appendix for further detail.

We model a representative cohort that flows onto the JobSeeker Payment in a three-month window; based on Q1 2022 data observed until June 2024

Exhibit 26: Jobseeker cohort breakdown by continuous¹ payment receipt (spell length)



82,609 (58%) JobSeekers who started receiving the JobSeeker Payment in Q1 2022 have children; 18% of those with children have a child younger than 18

Exhibit 27: JobSeeker Payment recipients by number of children

% of JobSeeker cohort segmented by number of children

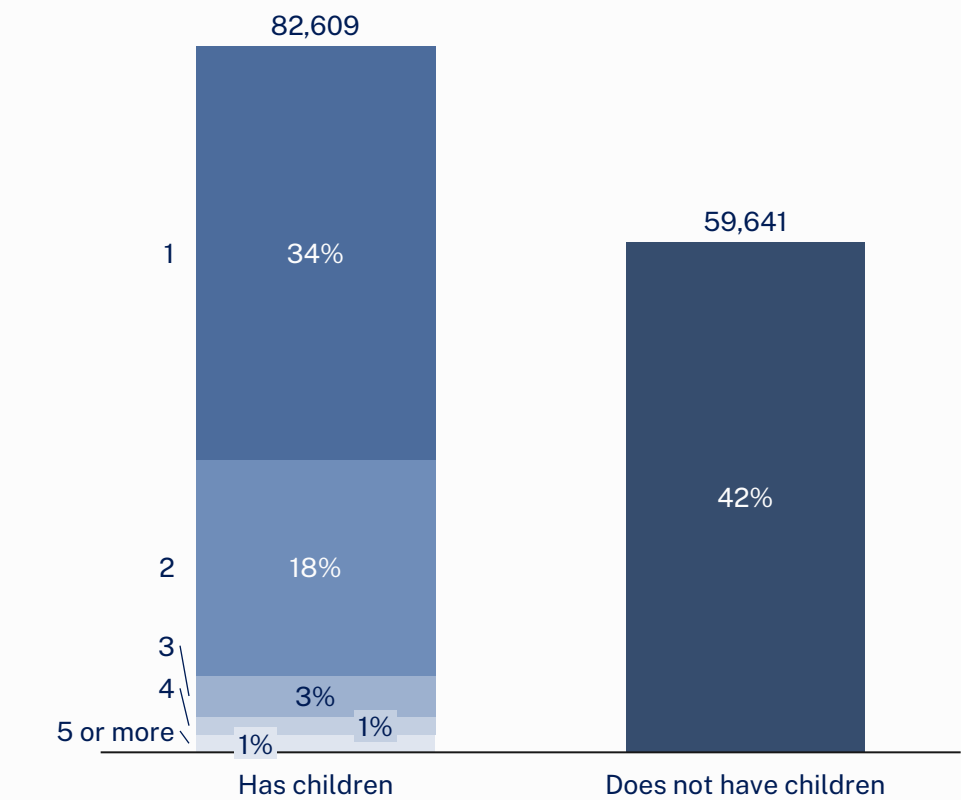
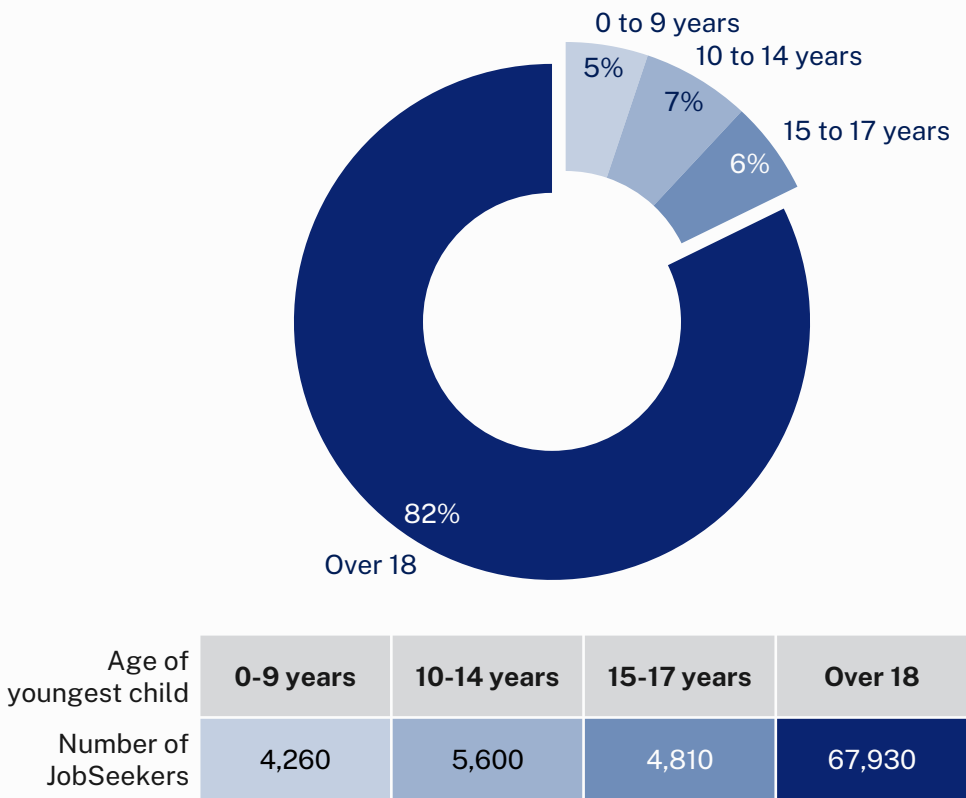


Exhibit 29: 18% of JobSeekers with children have a youngest child under 18

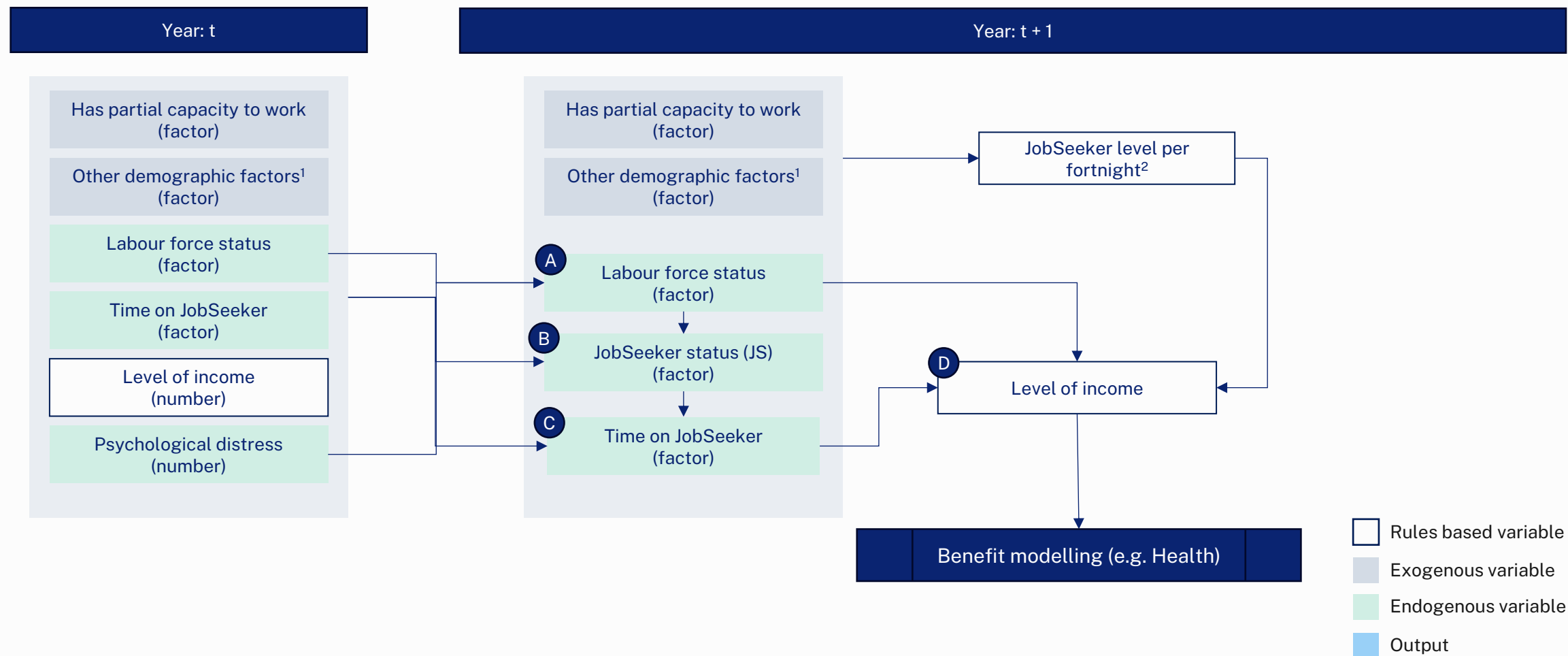
% of those with children segmented by age of youngest child



Source: DOMINO, Mandala analysis.

We model an increase to JobSeeker using a microsimulation to simulate lifepaths of the representative cohort

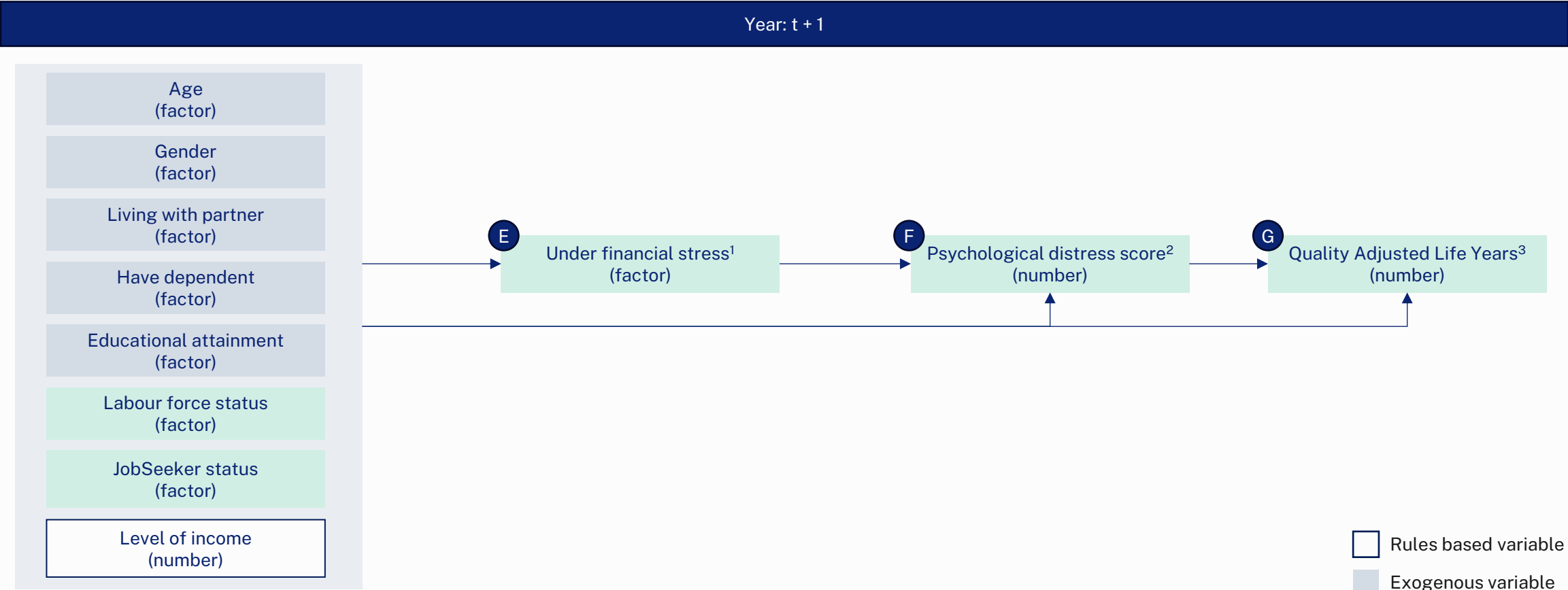
LABOUR FORCE AND JOBSEEKER MODELLING IN THE MICROSIMULATION



1 Other demographic factors include age band, gender, whether living with partner, whether they have dependent children, and highest level of educational attainment.
2 JobSeeker level per week is dependent on exogenous variables (for example living with a partner and having a dependent child), and is calculated using Services Australia's rules.

Social welfare and mental distress are measured in the microsimulation through the modelling of financial stress of the cohort and their psychological distress

FINANCIAL STRESS AND PSYCHOLOGICAL DISTRESS MODELLING



1 Financial stress is modelled using 6 of the 7 financial stress questions asked in HILDA and if the individuals answer yes to three or more of these questions. The 7th question, whether accessing welfare, is removed to reduce leakage between the dependent and response variable.

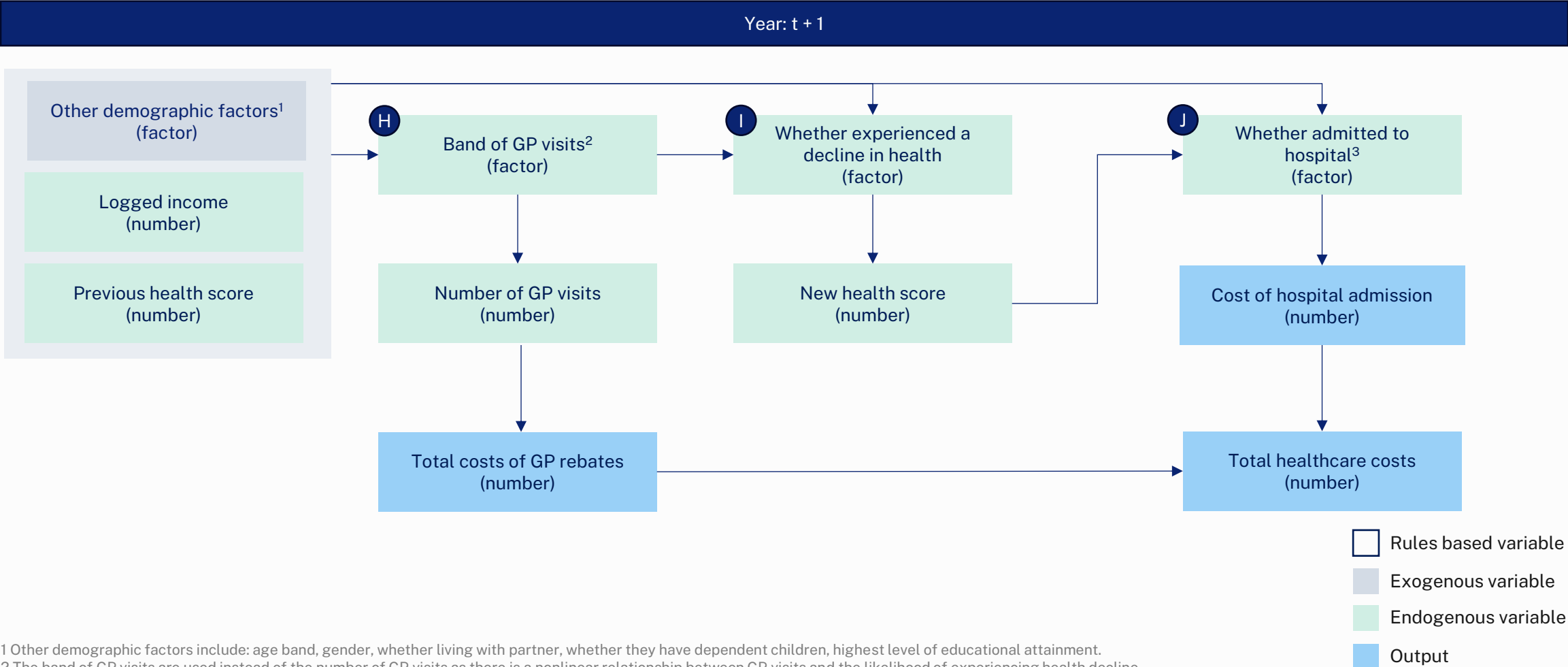
2 Psychological distress is modelled based on the grouped K10 scores of psychological distress (risk categories): 1 – Low, 2 – Moderate, 3 – High, 4 – Very high.

3 Quality Adjusted Life Years is modelled using the SF-6D health state classification HILDA variable ([ghsf6d](#)).

- Rules based variable
- Exogenous variable
- Endogenous variable
- Output

Health costs are calculated by modelling the number of GP visits and hospital admissions in the microsimulation

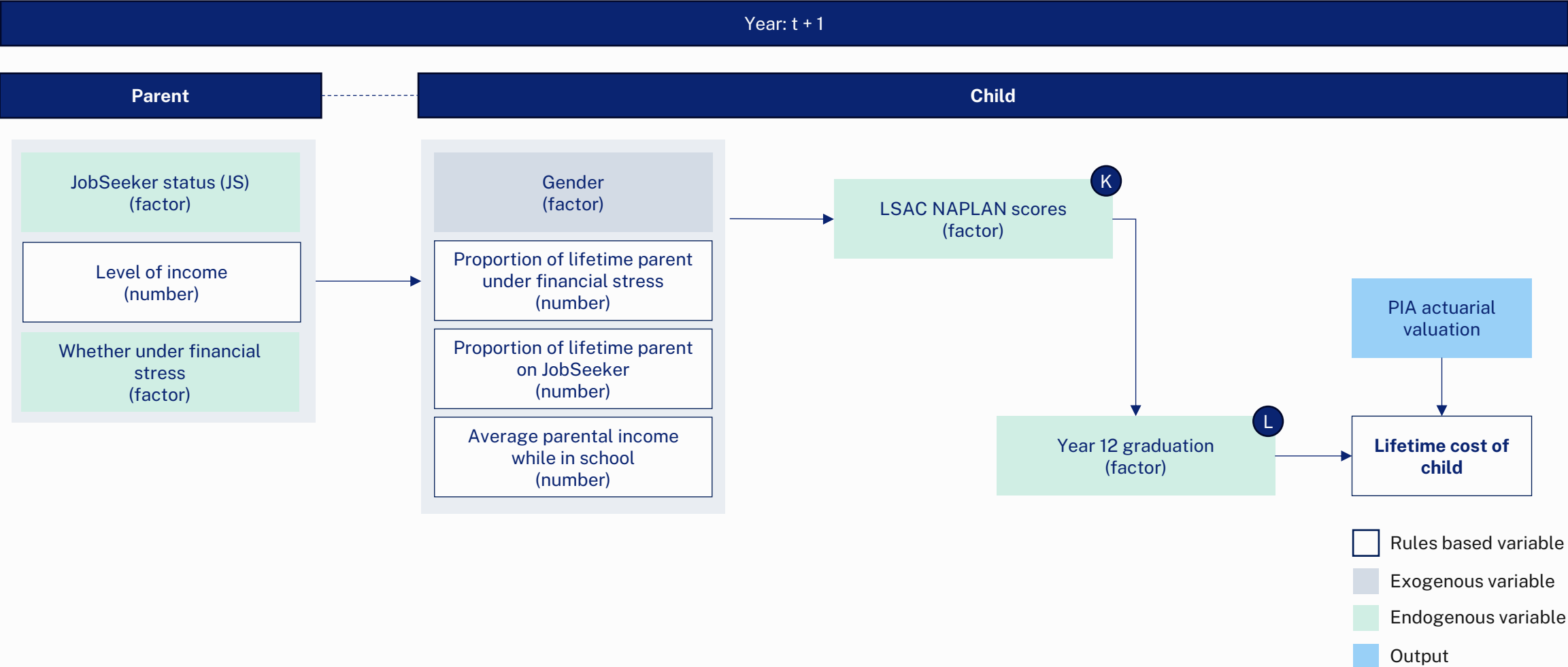
HEALTH COST MODELLING IN THE MICROSIMULATION



1 Other demographic factors include: age band, gender, whether living with partner, whether they have dependent children, highest level of educational attainment.
2 The band of GP visits are used instead of the number of GP visits as there is a nonlinear relationship between GP visits and the likelihood of experiencing health decline.
3 Whether admitted to hospital or not during the year is used rather than a total number as the distribution of number of hospital admissions is right skewed (not many hospital admission). The binary outcome of whether being admitted or not also produces a better fit.

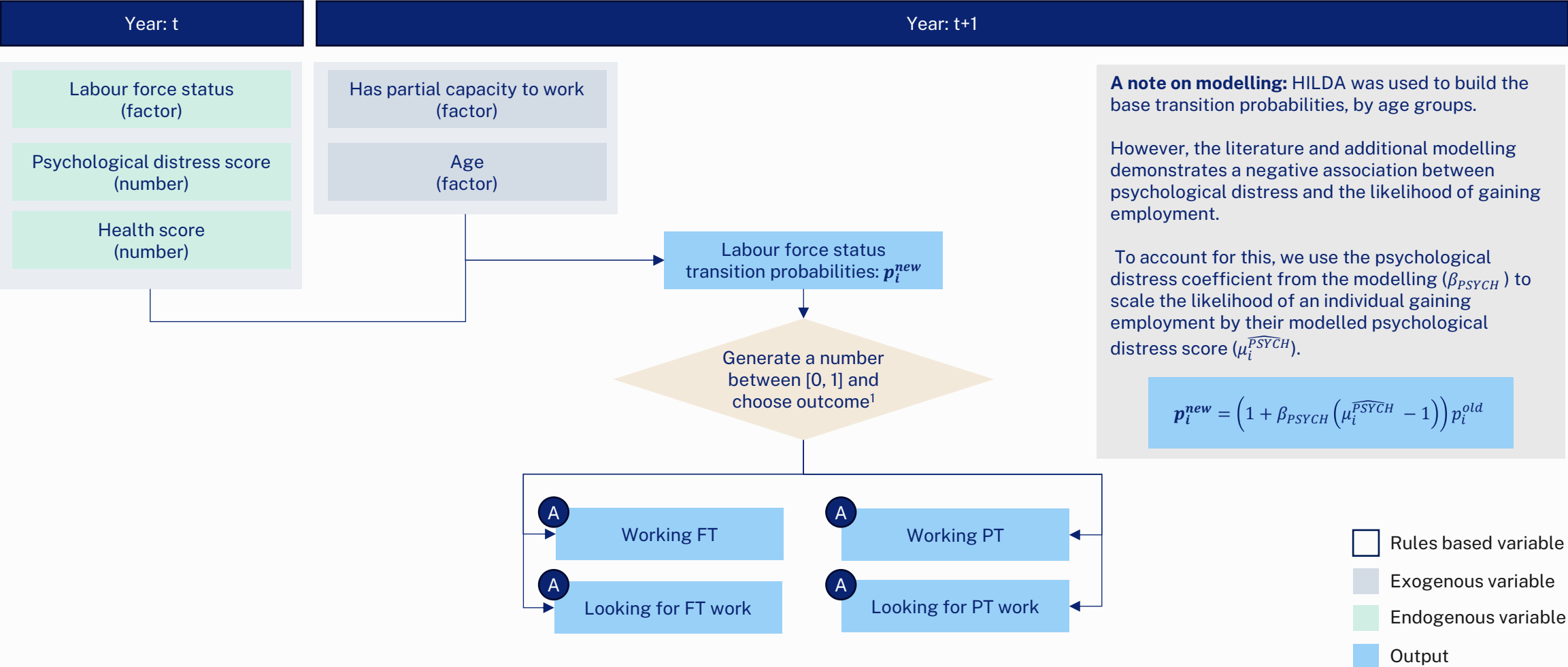
The cost of childhood development is modelled through the association of income with year 9 NAPLAN results and high school educational outcomes

CHILDHOOD DEVELOPMENT COSTS



Labour force status is modelled year to year using probabilities from a transition to employment combined with psychological distress

LABOUR FORCE STATUS MODELLING



¹ The combination of the transition matrix and the randomly generated number determines the outcome, as the probabilities in the transition matrix act as ranges for each outcome.

Transitions to employment are shocked by the level of psychological distress to link mental health outcomes and labour force outcomes

LABOUR FORCE STATUS MODELLING

LIKELIHOOD OF GAINING EMPLOYMENT AND HEALTH FACTORS

PSYCHOLOGICAL DISTRESS SCORE ¹ (β_{PSYCH})	P-VALUE
-0.173	1.14 x 10 ⁻⁷ ***
HEALTH SCORE ² (β_{HEALTH})	P-VALUE
0.014	7.86 x 10 ⁻¹⁶ ***

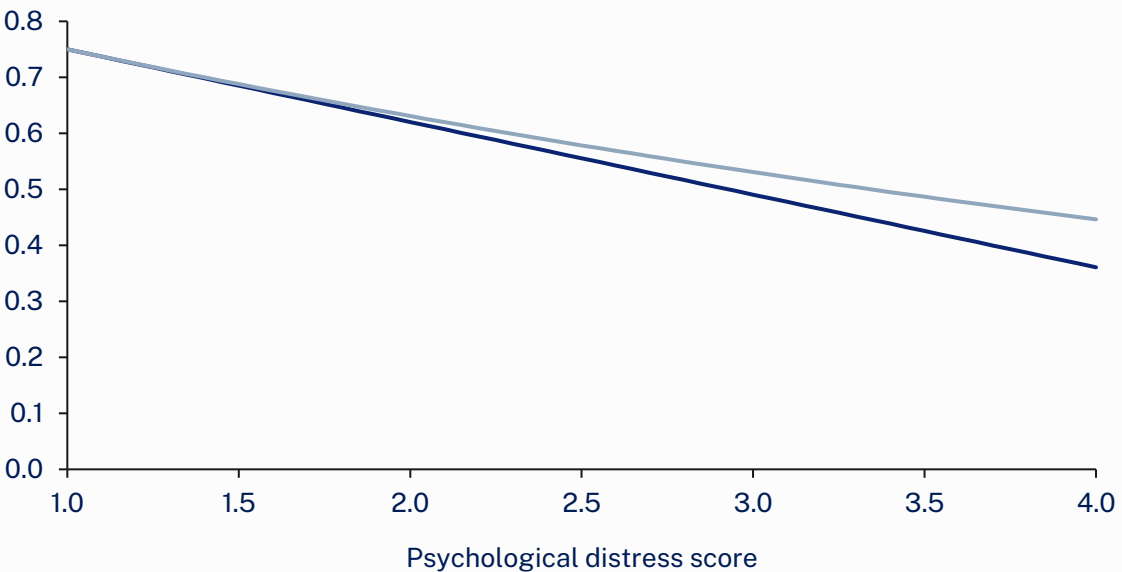
A note on modelling: Improvements in mental health (through a reduction in psychological distress) and improvements in health (through an increase in health score) have strong statistically significant association with an improved likelihood of gaining employment in the next year.

However, when both are included in a regression, these associations diminish, highly likely due to the correlation between the two variables. To account for this, only the psychological distress score was included in the modelling as the literature demonstrates a clearer association between income and mental health via financial stress, including in Australian studies, compared to physical health.³

IMPLEMENTATION IN THE MODEL

$$p_i^{new} = e^{\beta_{PSYCH}(\mu_i^{\widehat{PSYCH}} - 1)} p_i^{old}$$

$$p_i^{new} = \left(1 + \beta_{PSYCH} \left(\mu_i^{\widehat{PSYCH}} - 1\right)\right) p_i^{old}$$



1 The psychological distress scores are based on Kessler 10 risk categories and range from 1 to 4, where a higher score indicates higher psychological distress. (HILDA variable [pdk10rc](#)).

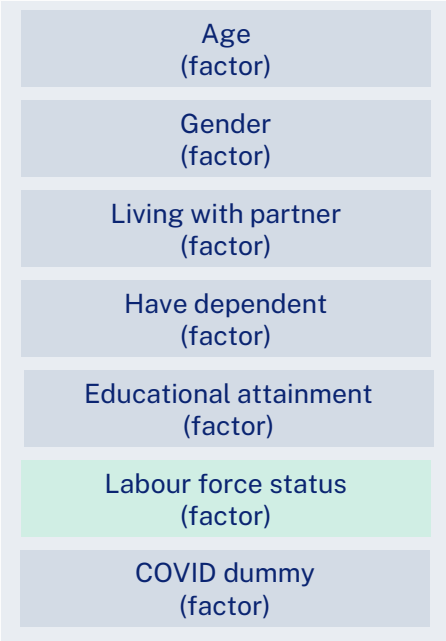
2 The health score is measured through a transformed score from the SF-36 health survey which is scaled to range from 0-100, where a higher score for an individual is indicative of better health. (HILDA variable [ghgh](#)).

3 See for example, Botha, Butterworth and Wilkins (2022) *Protecting mental health during periods of financial stress: Evidence from the Australian Coronavirus Supplement income support payment*, Table 3 & 5.

The JobSeeker status of individuals is modelled after we know their labour force status

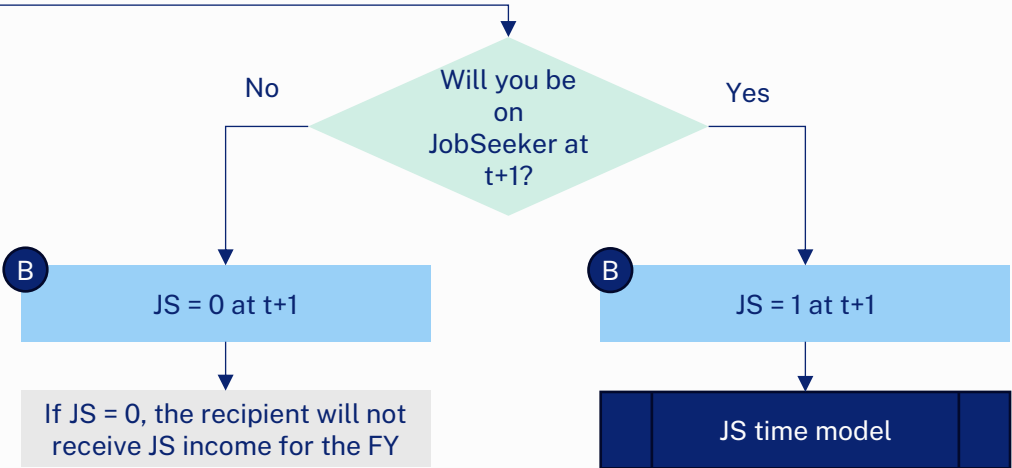
JOBSEEKER STATUS MODELLING

Year: t + 1



A note on modelling: JobSeeker status is modelled separately to the number of weeks an individual is on JobSeeker to better capture the cohorts within JobSeeker.

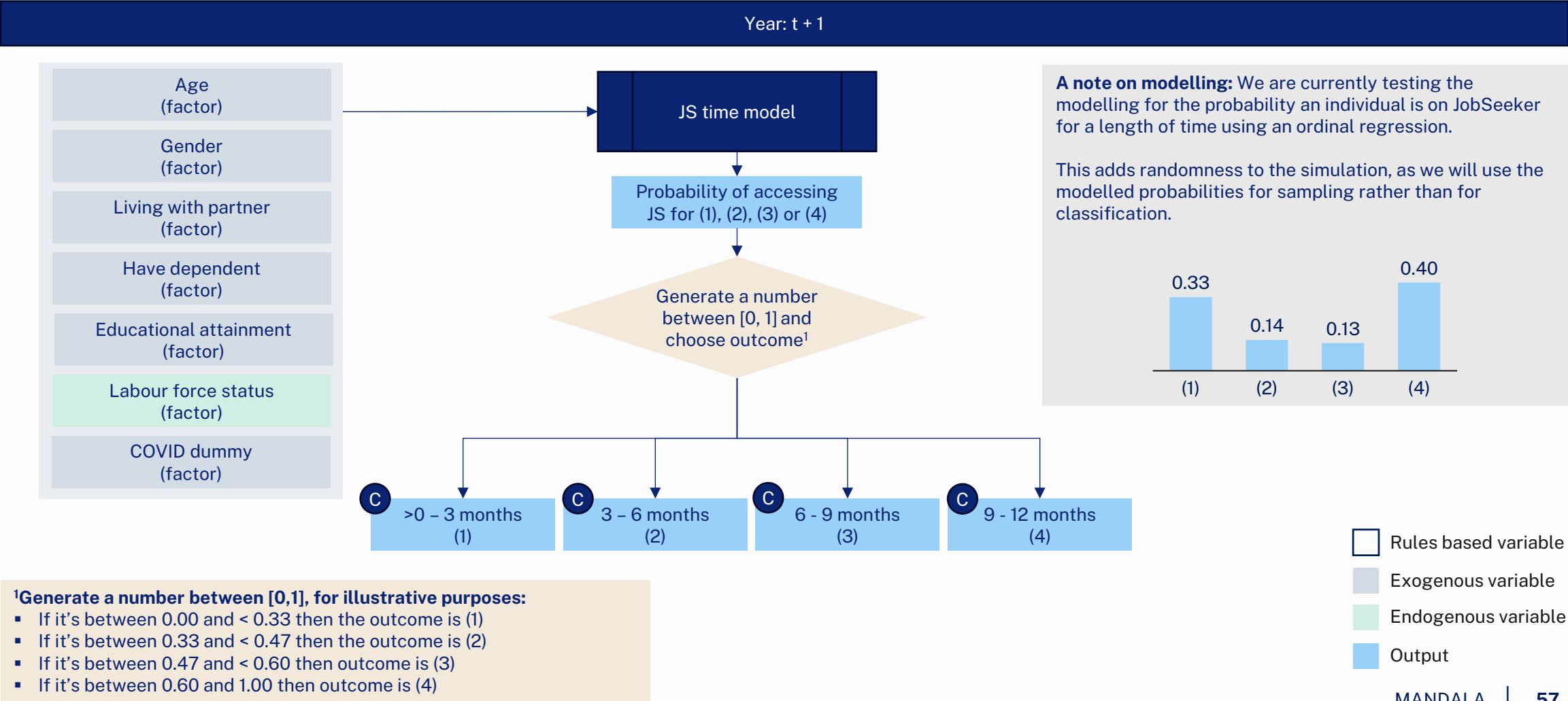
A single multinomial model was tested to predict both status and number of weeks but was struggling to identify the cohort of individuals that exit after 9 months or less.




- Rules based variable
- Exogenous variable
- Endogenous variable
- Output


We then model the likelihood that an individual access JobSeeker for different lengths of time during the year, in three-month bands


TIME ON JOBSEEKER MODELLING




JobSeeker status is modelled using a binary generalised linear model, with the outcome representing whether an individual was on JobSeeker (1) or not (0)

 All HILDA waves

 Includes all individuals in HILDA between 22 and 66 years old

 n = 222,302


 Logistic regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept	-	-4.018	0.046	0.018 (0.016, 0.020)	< 2.0 x 10 ⁻¹⁶ ***
Age (relative to 45 to 66 year old age group)	26 to 44 year olds	0.337	0.027	1.401 (1.328, 1.478)	< 2.0 x 10 ⁻¹⁶ ***
	22 to 25 year olds	0.378	0.036	1.459 (1.36, 1.566)	< 2.0 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	0.482	0.023	1.620 (1.547, 1.696)	< 2.0 x 10 ⁻¹⁶ ***
Living with partner (relative to living with partner)	Not living with partner	0.974	0.024	2.649 (2.528, 2.776)	< 2.0 x 10 ⁻¹⁶ ***
Children (relative to has dependent child aged less than 15 years ²)	Has dependent child over 15 years old	0.398	0.056	1.489 (1.335, 1.661)	1.18 x 10 ⁻¹² ***
	Has independent child	0.351	0.054	1.420 (1.277, 1.58)	8.03 x 10 ⁻¹¹ ***
	No children	0.382	0.03	1.465 (1.382, 1.552)	< 2.0 x 10 ⁻¹⁶ ***
Highest educational attainment (relative to completed high school)	Did not complete high school	0.454	0.035	1.574 (1.47, 1.685)	< 2.0 x 10 ⁻¹⁶ ***
	Certificate or diploma	0.287	0.034	1.333 (1.247, 1.425)	< 2.0 x 10 ⁻¹⁶ ***
	Bachelors or higher	-0.557	0.041	0.573 (0.528, 0.621)	< 2.0 x 10 ⁻¹⁶ ***
Labour force status (relative to employed - part time)	Employed - full time	-1.496	0.033	0.224 (0.21, 0.239)	< 2.0 x 10 ⁻¹⁶ ***
	Unemployed – looking for full time work	2.41	0.036	11.136 (10.37, 11.959)	< 2.0 x 10 ⁻¹⁶ ***
	Unemployed – looking for part time work	1.534	0.060	4.636 (4.123, 5.213)	< 2.0 x 10 ⁻¹⁶ ***
	Not in LF – marginally associated	0.759	0.036	2.136 (1.992, 2.29)	< 2.0 x 10 ⁻¹⁶ ***
	Not in LF – not associated	-0.134	0.033	0.875 (0.82, 0.934)	4.89 x 10 ⁻⁵ ***
***COVID dummy (relative to non-COVID year)	COVID year	0.357	0.033	1.43 (1.34, 1.526)	< 2.0 x 10 ⁻¹⁶ ***


1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level. 2 From 20 September 2023, extended the Parenting Payment Single to recipients with youngest child aged under 14 years, previously under 8 years. This change included the transfer of around 65,000 single JobSeeker Payment recipients who were a principal carer of a child aged under 14 years to Parenting Payment Single on 20 September 2023. A large proportion of these recipients (over 85%) were long term income support recipients. To measure performance of logistic regressions (and multinomial logistic regressions), the Area under the ROC curve (AUC) is given. The AUC tells us how well our model can distinguish between the classes we are predicting in the response variable (for example accessing JobSeeker or not). The JobSeeker model has an AUC of 0.82.


MANDALA | 58

An ordinal regression and a multinomial regression were used to model the period on JobSeeker, cut by 3-month intervals

 All HILDA waves

 Includes individuals who were on JobSeeker for one week or more in that year


 n = 10,628


 Ordinal regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept (relative to less than 3 months)	Intercept 1	-0.967	0.085	0.38 (0.322, 0.449)	0
	Intercept 2	-0.136	0.084	0.872 (0.740, 1.029)	0.105
	Intercept 3	0.595	0.085	1.813 (1.536, 2.140)	2.60 x 10 ⁻¹²
Age (relative to late working age)	Working age	0.360	0.048	1.433 (1.306, 1.573)	6.37 x 10 ⁻¹⁴ ***
	Transition to work	0.608	0.061	1.836 (1.63, 2.068)	< 2.0 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	0.119	0.042	1.126 (1.037, 1.223)	0.005 ***
Not living with partner (relative to living with)	Not living with partner	-0.327	0.043	0.721 (0.662, 0.785)	2.86 x10 ⁻¹⁴ ***
Children (relative to has dependent child aged less than 15 years)	Has dependent child over 15 years old	0.217	0.106	1.242 (1.010, 1.527)	0.041 **
	Has independent child	0.288	0.104	1.334 (1.088, 1.637)	0.006 ***
	No children	0.344	0.052	1.411 (1.274, 1.563)	3.71 x 10 ⁻¹¹ ***
Highest educational attainment (relative to completed high school)	Did not complete high school	-0.885	0.066	0.413 (0.363, 0.469)	< 2.0 x 10 ⁻¹⁶ ***
	Certificate or diploma	1.008	0.062	2.741 (2.426, 3.098)	< 2.0 x 10 ⁻¹⁶ ***
	Bachelors or higher	-0.644	0.058	0.525 (0.468, 0.589)	< 2.0 x 10 ⁻¹⁶ ***
Labour force status (relative to Employed full time)	Employed - full time	-0.815	0.068	0.443 (0.388, 0.505)	< 2.0 x 10 ⁻¹⁶ ***
	Unemployed – looking for full time work	-0.863	0.110	0.422 (0.34, 0.523)	4.22 x10 ⁻¹⁵ ***
	Unemployed – looking for part time work	0.007	0.060	1.007 (0.895, 1.134)	0.907
	Not in LF – marginally associated	-0.219	0.061	0.804 (0.713, 0.906)	3.30 x 10 ⁻⁴ ***
	Not in LF – not associated	0.533	0.074	1.703 (1.473, 1.970)	5.90 x 10 ⁻¹³ ***
Previous JS status (relative to did not access)	Previously accessed JobSeeker last year	-1.311	0.042	0.27 (0.248, 0.293)	< 2.0 x 10 ⁻¹⁶ ***
COVID dummy (relative to non-COVID year)	COVID year	-0.073	0.061	0.93 (0.825, 1.049)	0.231


The multiclass AUC of this model was 0.66. This model is great at delineating between the low and high users of JobSeeker (less than 3 months and 9-12 months) but struggles to identify individuals on medium-length spells (over 3 months and under 9 months).

GP visits multinomial model: one GP visit per year relative to none

 HILDA Wave 17¹

 Excludes individuals with earnings or combined household income greater than \$50,000


 n = 2,883


 Multinomial regression

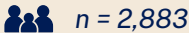
VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO	P-VALUE ²
Intercept	-	-4.261	1.265	0.014 (0.001, 0.169)	0.001 ***
Gender (relative to female)	Male	0.28	0.199	1.323 (0.895, 1.956)	0.160
Whether living with partner (relative to living with partner)	Not living with partner	-0.261	0.222	0.770 (0.498, 1.190)	0.239
Age bands (relative to 18 to 21 years old)	22 to 25 years old	0.58	0.459	1.785 (0.726, 4.392)	0.207
	26 to 35 years old	0.406	0.415	1.502 (0.666, 3.386)	0.327
	36 to 44 years old	0.446	0.471	1.562 (0.621, 3.928)	0.34373
	45 to 55 years old	0.323	0.404	1.381 (0.625, 3.049)	0.425
	56 to 66 years old	0.919	0.41	2.508 (1.122, 5.604)	0.025
Current JobSeeker status (relative to not on JobSeeker)	On JobSeeker	0.058	0.316	1.059 (0.570, 1.967)	0.855
Lagged health score	-	0.014	0.005	1.014 (1.004, 1.025)	0.008 ***
Lagged income	-	0.223	0.125	1.250 (0.979, 1.595)	0.073 *
Capacity to work (relative to full capacity to work)	Partial capacity to work	-1.214	0.769	0.297 (0.066, 1.340)	0.114

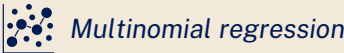
1 Wave 17 is used for all health models (GP visits, health declines and hospitalisations) due to COVID effects in Wave 21
2 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level
The GP visits model has a multiclass AUC of 0.70.

GP visits multinomial model: Two to four GP visits per year relative to none

HILDA Wave 17









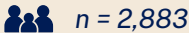
VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO	P-VALUE ¹
Intercept	-	-1.381	0.835	0.251 (0.049, 1.292)	0.098 *
Gender (relative to female)	Male	-0.458	0.140	0.633 (0.481, 0.833)	0.001 **
Whether living with partner (relative to living with partner)	Not living with partner	-0.164	0.159	0.849 (0.621, 1.160)	0.302
Age bands (relative to 18 to 21 years old)	22 to 25 years old	0.934	0.335	2.546 (1.321, 4.904)	0.005 ***
	26 to 35 years old	0.831	0.293	2.296 (1.293, 4.075)	0.005 ***
	36 to 44 years old	0.638	0.336	1.893 (0.980, 3.657)	0.057 *
	45 to 55 years old	0.288	0.286	1.334 (0.761, 2.337)	0.315
	56 to 66 years old	1.522	0.292	4.582 (2.586, 8.119)	1.83 x 10 ⁻⁷ ***
Current JobSeeker status (relative to not on JobSeeker)	On JobSeeker	-0.075	0.224	0.927 (0.598, 1.437)	0.736
Lagged health score	-	-0.006	0.004	0.994 (0.987, 1.001)	0.074 *
Logged income	-	0.222	0.083	1.248 (1.060, 1.470)	0.008 **
Capacity to work (relative to full capacity to work)	Partial capacity to work	0.356	0.320	1.428 (0.762, 2.675)	0.266

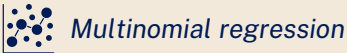
¹Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level
The GP visits model has a multiclass AUC of 0.70.

GP visits multinomial model: Five to seven GP visits per year relative to none

HILDA Wave 17








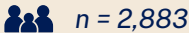
VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO	P-VALUE ¹
Intercept	-	-1.351	1.015	0.259 (0.035, 1.895)	0.183358
Gender (relative to female)	Male	-0.814	0.159	0.443 (0.325, 0.605)	3.04 x 10 ⁻⁷ ***
Whether living with partner (relative to living with partner)	Not living with partner	-0.235	0.177	0.790 (0.559, 1.117)	0.183
Age bands (relative to 18 to 21 years old)	22 to 25 years old	1.07	0.396	2.917 (1.341, 6.345)	0.007 ***
	26 to 35 years old	0.371	0.368	1.450 (0.705, 2.981)	0.312
	36 to 44 years old	0.156	0.429	1.168 (0.504, 2.711)	0.717
	45 to 55 years old	-0.047	0.358	0.954 (0.473, 1.927)	0.896
	56 to 66 years old	1.195	0.348	3.304 (1.669, 6.542)	0.001 ***
Current JobSeeker status (relative to not on JobSeeker)	On JobSeeker	0.047	0.265	1.048 (0.623, 1.762)	0.860
Lagged health score	-	-0.022	0.004	0.978 (0.971, 0.986)	2.96 x 10 ⁻⁸ ***
Logged income	-	0.272	0.102	1.313 (1.074, 1.604)	0.008 ***
Capacity to work (relative to full capacity to work)	Partial capacity to work	0.457	0.356	1.579 (0.786, 3.175)	0.200

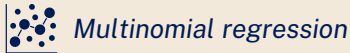
1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level
The GP visits model has a multiclass AUC of 0.70.

GP visits multinomial model: More than 8 GP visits per year relative to none

HILDA Wave 17

Excludes individuals with earnings or combined household income greater than \$50,000


n = 2,883

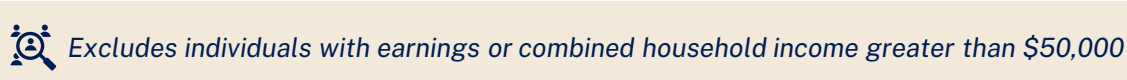
Multinomial regression

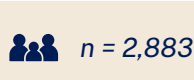
VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO	P-VALUE ¹
Intercept	-	1.788	0.889	5.979 (1.047, 34.129)	0.044 **
Gender (relative to female)	Male	-0.823	0.15	0.439 (0.327, 0.589)	4.28 x 10 ⁻⁸ ***
Whether living with partner (relative to living with partner)	Not living with partner	-0.149	0.168	0.861 (0.620, 1.197)	0.375
Age bands (relative to 18 to 21 years old)	22 to 25 years old	0.779	0.376	2.180 (1.043, 4.558)	0.038 **
	26 to 35 years old	0.213	0.332	1.237 (0.646, 2.371)	0.521
	36 to 44 years old	0.081	0.384	1.085 (0.511, 2.301)	0.832
	45 to 55 years old	-0.221	0.317	0.802 (0.431, 1.491)	0.485
	56 to 66 years old	1.059	0.315	2.884 (1.554, 5.351)	0.001 ***
Current JobSeeker status (relative to not on JobSeeker)	On JobSeeker	-0.085	0.242	0.918 (0.572, 1.475)	0.724
Lagged health score	-	-0.047	0.004	0.954 (0.947, 0.961)	< 2.0 x 10 ⁻¹⁶ ***
Logged income	-	0.152	0.090	1.164 (0.976, 1.388)	0.092 *
Capacity to work (relative to full capacity to work)	Partial capacity to work	1.205	0.312	3.337 (1.810, 6.150)	1.00 x 10 ⁻⁴ ***

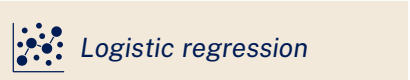
1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level
The GP visits model has a multiclass AUC of 0.70.

GP visits and the likelihood of experiencing a health decline have a non-linear relationship, likely reflecting other health confounders

HILDA Wave 17

Excludes individuals with earnings or combined household income greater than \$50,000

n = 2,883

Logistic regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO	P-VALUE ¹
Intercept	-	-2.248	0.269	0.106 (0.062, 0.179)	< 2.0 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	0.021	0.082	1.022 (0.871, 1.199)	0.292
Age bands (relative to 18 to 21 years old)	22 to 25 years old	0.178	0.236	1.195 (0.752, 1.899)	0.451
	26 to 35 years old	0.106	0.214	1.112 (0.731, 1.691)	0.620
	36 to 44 years old	-0.139	0.249	0.87 (0.535, 1.416)	0.577
	45 to 55 years old	-0.116	0.215	0.89 (0.585, 1.356)	0.590
	56 to 66 years old	0	0.202	1 (0.673, 1.485)	1
Current labour force status (relative to working part time)	Working full time	0.106	0.166	1.112 (0.803, 1.54)	0.523
	Looking for full time work	0.273	0.227	1.314 (0.843, 2.049)	0.229
	Looking for part time work	-0.028	0.383	0.972 (0.459, 2.061)	0.942
	Not in LF – marginally associated	0.378	0.133	1.245 (0.889, 1.744)	0.203
	Not in LF – not associated	0.378	0.133	1.46 (1.125, 1.894)	0.004 ***
Number of GP visits (relative to none)	1 visit	-0.487	0.206	0.615 (0.41, 0.921)	0.018 **
	2 to 4 visits	-0.278	0.146	0.757 (0.568, 1.009)	0.057 *
	5 to 7 visits	0.062	0.164	1.063 (0.771, 1.467)	0.705
	Over 8 visits	0.579	0.158	1.785 (1.308, 2.434)	2.48 x 10 ⁻⁴ ***
Whether on JobSeeker (relative to not on JobSeeker)	On JobSeeker	0.186	0.155	1.205 (0.889, 1.633)	0.230
Previous year's health score	-	0.026	0.002	1.027 (1.023, 1.031)	< 2.0 x 10 ⁻¹⁶ ***
Capacity to work (relative to full capacity to work)	Partial capacity to work	0.353	0.582	1.424 (0.455, 4.454)	0.544
Number of GP visits x Capacity to work (relative to full capacity to work)	1 visit x Partial	-	-	-	-
	2 to 4 visits x Partial	0.452	0.658	1.571 (0.433, 5.703)	0.492
	5 to 7 visits x Partial	-0.344	0.719	0.709 (0.173, 2.899)	0.632
	Over 8 visits x Partial	-0.247	0.613	0.781 (0.235, 2.597)	0.687

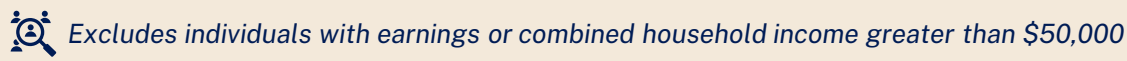
¹Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.

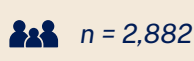
The Health decline model has an AUC of 0.65, suggesting there is high variance that is not captured; however, this model shows that health has a neutral association with income.

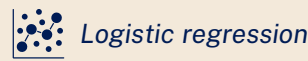
MANDALA | 64

Hospital admissions are modelled through the health score of comparable low-income households

HILDA Wave 17

Excludes individuals with earnings or combined household income greater than \$50,000

n = 2,882


Logistic regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO	P-VALUE ¹
Intercept	-	-2.1	0.385	0.122 (0.057, 0.261)	4.90983E-08
Age bands (relative to 18 to 21 years old)	Under 18 years old	0.048	0.713	1.049 (0.259, 4.241)	0.946
	22 to 25 years old	-0.272	0.358	0.762 (0.378, 1.536)	0.447
	26 to 35 years old	-0.149	0.308	0.861 (0.471, 1.575)	0.629
	36 to 44 years old	-0.301	0.358	0.74 (0.367, 1.494)	0.400
	45 to 55 years old	-0.158	0.303	0.854 (0.471, 1.547)	0.602
	56 to 66 years old	-0.2	0.285	0.819 (0.469, 1.431)	0.483
	67 to 76 years old	-0.06	0.284	0.942 (0.54, 1.642)	0.833
	77 years and above	0.307	0.287	1.359 (0.775, 2.383)	0.285
Gender (relative to Female)	Male	-0.085	0.105	0.918 (0.748, 1.127)	0.418
Current labour force status (relative to working part time)	Employed - full time	0.277	0.279	1.319 (0.763, 2.28)	0.321
	Unemployed – looking for full time work	0.514	0.319	1.673 (0.895, 3.125)	0.107
	Unemployed – looking for part time work	1.031	0.454	2.804 (1.153, 6.821)	0.023 **
	Not in LF – marginally associated	0.695	0.24	2.003 (1.252, 3.203)	0.004 ***
	Not in LF – not associated	0.66	0.198	1.935 (1.313, 2.85)	8.54 x 10 ⁻⁴ ****
Current JobSeeker status (relative to not on JobSeeker)	On JobSeeker	0.25	0.201	1.284 (0.866, 1.903)	0.214
Health score	-	-0.01	0.002	0.99 (0.986, 0.995)	5.73 x 10 ⁻⁷ ***
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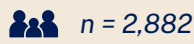
1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.
The hospital admissions model has an AUC: 0.73.


MANDALA | 65

Hospital admissions are modelled through the health score of comparable low-income households, continued

HILDA Wave 17


Excludes individuals with earnings or combined household income greater than \$50,000


n = 2,882


Logistic regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO	P-VALUE ¹
Continued from previous page					
Number of GP visits (relative to none)	1 visit	-0.367	0.395	0.693 (0.319, 1.503)	0.353
	2 to 4 visits	0.048	0.249	1.049 (0.643, 1.71)	0.847
	5-7 visits	0.73	0.256	2.075 (1.257, 3.425)	0.004 ***
	Over 8 visits	1.33	0.244	3.78 (2.342, 6.101)	5.01 x 10 ⁻⁸ ***
Capacity to work (relative to full capacity to work)	Partial capacity to work	0.61	0.696	1.841 (0.47, 7.204)	0.381
Number of GP visits x Full capacity to work	1 visit x Partial	2.377	1.726	10.767 (0.366, 317.166)	0.168
	2 to 4 visits x Partial	0.413	0.783	1.512 (0.326, 7.013)	0.598
	5-7 visits x Partial	-1.142	0.934	0.319 (0.051, 1.993)	0.221
	Over 8 visits x Partial	-1.024	0.726	0.359 (0.087, 1.489)	0.1584

Financial stress is modelled using comparable low-income households, and the associations between income and being under financial stress

 All HILDA waves

 Excludes individuals with earnings or combined household income greater than \$50,000

 n = 63,737

 Logistic regression

VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept	-	-0.038	0.411	0.963 (0.43, 2.155)	0.926
Age (relative to 45 to 66 year olds)	26 to 44 year olds	0.737	0.04	2.09 (1.933, 2.259)	< 2.0 x 10 ⁻¹⁶ ***
	22 to 25 year olds	0.558	0.055	1.747 (1.569, 1.945)	< 2.0 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	-0.031	0.032	0.969 (0.91, 1.032)	0.333
Living with partner (relative to living with partner)	Not living with partner	0.506	0.036	1.659 (1.546, 1.782)	< 2.0 x 10 ⁻¹⁶ ***
Children (relative to has dependent child aged less than 15 years)	Has dependent child over 15 years old	0.064	0.092	1.066 (0.89, 1.276)	0.487
	Has independent child	-0.011	0.091	0.989 (0.828, 1.181)	0.904
	No children	-0.532	0.041	0.587 (0.542, 0.637)	< 2.0 x 10 ⁻¹⁶ ***
Highest educational attainment (relative to high school)	Did not complete high school	0.056	0.045	1.057 (0.968, 1.154)	0.213
	Certificate or diploma	0.268	0.045	1.308 (1.196, 1.429)	2.59 x 10 ⁻⁹ ***
	Bachelors or higher	-0.189	0.060	0.828 (0.736, 0.932)	0.002 ***
Labour force status (relative to employed - part time)	Employed - full time	-0.115	0.048	0.891 (0.811, 0.979)	0.017 **
	Unemployed – looking for full time work	0.584	0.066	1.794 (1.578, 2.04)	< 2.0 x 10 ⁻¹⁶ ***
	Unemployed – looking for part time work	0.533	0.095	1.704 (1.414, 2.053)	2.07 x 10 ⁻⁸ ***
	Not in LF – marginally associated	0.591	0.05	1.806 (1.636, 1.993)	< 2.0 x 10 ⁻¹⁶ ***
	Not in LF – not associated	0.217	0.046	1.243 (1.136, 1.359)	2.39 x 10 ⁻⁶ ***
On JobSeeker (relative to not on JobSeeker)	On JobSeeker	0.530	0.044	1.698 (1.558, 1.85)	< 2.0 x 10 ⁻¹⁶ ***
Logged income	-	-0.251	0.040	0.778 (0.719, 0.842)	3.50 x 10 ⁻¹⁰ ***
COVID dummy (relative to non-COVID)	COVID year	-0.065	0.061	0.937 (0.831, 1.057)	0.267

1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level
The financial stress model has an AUC of 0.78.

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Psychological distress is modelled using the link between financial stress and income of the low-income households


All HILDA wavesExcludes individuals with earnings or combined household income greater than \$50,000n = 21,287Linear regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept	-	1.411	0.035	-	< 2.0 x 10 ⁻¹⁶ ***
Age (relative to 45 to 66 year olds)	26 to 44 year olds	0.297	0.022	-	< 2.0 x 10 ⁻¹⁶ ***
	22 to 25 year olds	0.236	0.029	-	4.4 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	-0.007	0.013	-	0.59
Living with partner (relative to living with partner)	Not living with partner	0.085	0.014	-	1.27 x 10 ⁻⁹ ***
Children (relative to has dependent child aged less than 15 years)	Has dependent child over 15 years old	0.242	0.057	-	2.18 x 10 ⁻⁵ ***
	Has independent child	0.256	0.046	-	2.62 x 10 ⁻⁸ ***
	No children	0.123	0.025	-	8.65 x 10 ⁻⁷ ***
Highest educational attainment (relative to high school)	Did not complete high school	0.044	0.021	-	0.036 **
	Certificate or diploma	-0.026	0.021	-	0.216
	Bachelors or higher	-0.112	0.025	-	7.46 x 10 ⁻⁶ ***
Labour force status (relative to employed - part time)	Employed - full time	-0.185	0.024	-	1.27 * x10 ⁻¹⁴ ***
	Unemployed – looking for full time work	0.307	0.042	-	2.68 x 10 ⁻¹³ ***
	Unemployed – looking for part time work	0.304	0.058	-	1.59 x 10 ⁻⁷ ***
	Not in LF – marginally associated	0.408	0.028	-	< 2.0 x 10 ⁻¹⁶ ***
	Not in LF – not associated	0.332	0.021	-	< 2.0 x 10 ⁻¹⁶ ***
On JobSeeker (relative to not on JobSeeker)	On JobSeeker	0.159	0.027	-	3.89 x 10 ⁻⁹ ***
Under financial stress (relative to not under financial stress)	Under financial stress	0.675	0.022	-	< 2.0 x 10 ⁻¹⁶ ***
COVID dummy (relative to non-COVID)	COVID year	0.194	0.021	-	< 2.0 x 10 ⁻¹⁶ ***


1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.
As the psychological distress model is a linear regression, we measure the goodness of fit using the R-squared. For the psychological distress model, the R squared is 0.22.

The modelling of the psychological distress provides a pathway to measuring the change in the JobSeekers’ Quality Adjusted Life Years

HILDA Wave 17

All individuals with health weights


n = 14,723


Linear regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept	-	0.929	0.004	-	< 2.0 x 10 ⁻¹⁶ ***
Age bands (relative to 18 to 21 years old)	22 to 25 years old	-0.003	0.004	-	0.453
	26 to 35 years old	-0.02	0.004	-	5.73 x 10 ⁻⁷ ***
	36 to 44 years old	-0.032	0.004	-	1.33 x 10 ⁻¹⁵ ***
	45 to 55 years old	-0.049	0.004	-	< 2.0 x 10 ⁻¹⁶ ***
	56 to 66 years old	-0.066	0.004	-	< 2.0 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	0.013	0.002	-	8.03 x 10 ⁻¹¹ ***
Highest educational attainment (relative to high school)	Did not complete high school	0.013	0.002	-	0.008 ***
	Certificate or diploma	-0.004	0.003	-	0.182
	Bachelors or higher	0.007	0.003	-	0.020 **
On JobSeeker (relative to not on JobSeeker)	On JobSeeker	-0.022	0.004	-	3.89 x 10 ⁻⁸ ***
Psychological distress score	-	-0.084	0.001	-	< 2.0 x 10 ⁻¹⁶ ***


1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.
As the Quality Adjusted Life Years (QALY) model is a linear regression, we measure the goodness of fit using the R-squared. For the psychological distress model, the R squared is 0.43.

The year 9 NAPLAN reading scores for children of JobSeekers in the microsimulation are modelled using their parent’s average income

 All LSAC Waves


 All individuals with Year 9 NAPLAN reading scores


 n = 4,293


 Linear regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept	-	400.43	24.982	-	< 2.0 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	-14.226	1.944	-	2.58 x 10 ⁻¹³ ***
Parent’s highest educational attainment (relative to high school)	Did not complete high school	-12.662	4.375	-	0.004 ***
	Certificate or diploma	0.986	4.270	-	0.816
	Bachelors or higher	27.780	4.142	-	1.89 x 10 ⁻¹¹ ***
Proportion of childhood where parents were on income support	-	-15.171	13.924		0.307
Logged parent’s average income over childhood	-	17.475	2.171	-	3.33 x 10 ⁻¹⁵ ***

Similarly, the year 9 numeracy scores of children of the JobSeekers in the microsimulation are modelled using their parent’s average income

 All LSAC Waves

 All individuals with Year 9 NAPLAN numeracy scores


 n = 4,257


 Linear regression


VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept	-	360.533	24.939	-	< 2.0 x 10 ⁻¹⁶ ***
Gender (relative to Female)	Male	12.789	1.95	-	5.38 x 10 ⁻¹¹ ***
Parent’s highest educational attainment (relative to high school)	Did not complete high school	-14.438	4.402	-	0.001 ***
	Certificate or diploma	-4.006	4.293	-	0.351
	Bachelors or higher	21.143	4.165	-	3.85 x 10 ⁻⁷ ***
Proportion of childhood where parents were on income support	-	-24.048	14.042		0.087 *
Logged parent’s average income over childhood	-	20.929	2.167	-	< 2.0 x 10 ⁻¹⁶ ***


¹ Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level. The year 12 NAPLAN numeracy score model has an R-squared of 0.14.

The child’s year 9 NAPLAN scores are then used to model whether the child completes year 12 or not

 LSAY 2015 cohort

 All individuals with year 9 reading and numeracy NAPLAN scores and year 12 outcomes

 n = 3,501

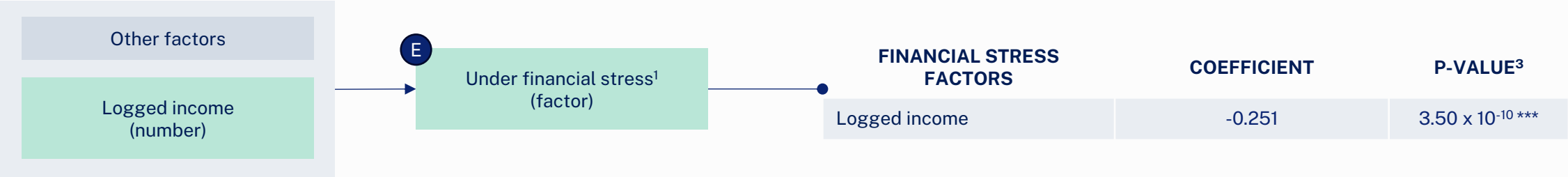
 Logistic regression

VARIABLE	CATEGORY	COEFFICIENT	STD ERROR	ODDS-RATIO (95% CI)	P-VALUE ¹
Intercept	-	0.87	0.231	2.386 (1.516, 3.755)	1.66 x 10 ⁻⁴ ***
Gender (relative to Female)	Male	-0.553	0.142	0.575 (0.435, 0.760)	9.85 x 10 ⁻⁵ ***
Parent’s highest educational attainment (relative to high school)	Did not complete high school	-0.580	0.240	0.560 (0.350, 0.896)	0.016 **
	Certificate or diploma	0.102	0.223	1.108 (0.715, 1.716)	0.647
	Bachelors or higher	0.499	0.166	1.647 (1.190, 2.280)	0.003 ***
Average year 9 NAPLAN score (average of reading and numeracy NAPLAN scores)	-	0.003	0	1.003 (1.003, 1.004)	< 2.0 x 10 ⁻¹⁶ ***

1 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.
The year 12 completion model has an AUC of 0.71.

The increase to JobSeeker will reduce the number of JobSeekers that are under financial stress and reduce their level of psychological distress




FINANCIAL STRESS AND PSYCHOLOGICAL DISTRESS MODELLING IN THE MICROSIMULATION



Description of results: A 1-point increase in the logged income of an individual is associated with that individual being 0.778 as likely to be under financial stress as an individual without an increase in logged income ($p = 3.50 \times 10^{-10}$).



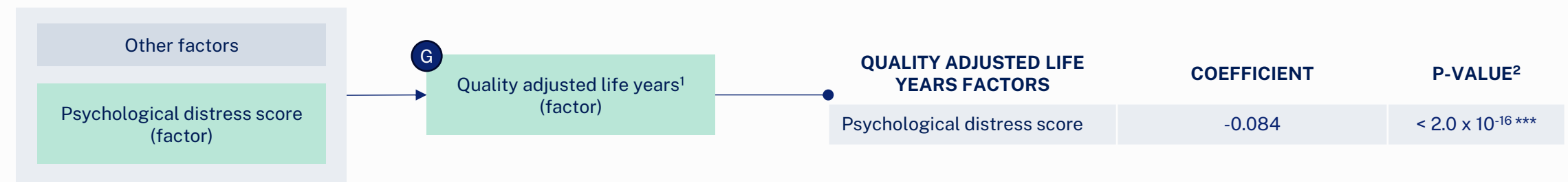
Description of results: Being under financial stress is associated with an additional 0.675 points in their psychological distress score ($p=3.50 \times 10^{-10}$), which effectively moves them up n entire Kessler 10 risk category (for example from 2 – moderate psychological distress to 3 – high psychological distress).

-  Rules based variable
-  Exogenous variable
-  Endogenous variable

1 Financial stress is modelled using 6 of the 7 financial stress questions asked in HILDA and if the individuals answer yes to three or more of these questions. The 7th question, whether accessing welfare, is removed to reduce leakage between the dependent and response variable.
2 Psychological distress is modelled based on the grouped K10 scores of psychological distress (risk categories): 1 – Low, 2 – Moderate, 3 – High, 4 – Very high.
3 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.

Decreasing the level of psychological distress improves JobSeekers' Quality Adjusted Life Years (QALYs)

PSCYHOLOGICAL DISTRESS AND QUALITY ADJUSTED LIFE YEARS MODELLING IN THE MICROSIMULATION



Description of results: Quality Adjusted Life Years are measured from 0 to 1, where 1 represents a full year. A 1-point increase in the level of psychological distress of JobSeekers (measured through the risk categories) is associated with a 0.084 decrease in an individual's Quality Adjusted Life Years ($p < 2.0 \times 10^{-16}$).

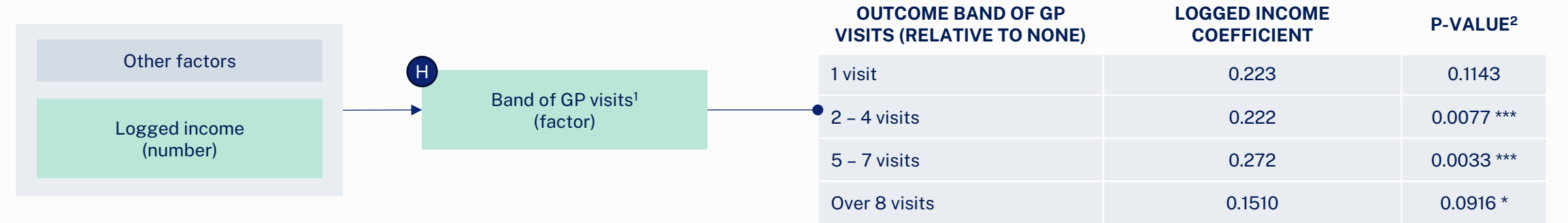
- Rules based variable
- Exogenous variable
- Endogenous variable
- Output

¹ Quality Adjusted Life Years is modelled using the SF-6D health state classification HILDA variable ([ghsf6d](#)). The effect of an illness on quality of life is reflected by a 'utility weight' (derived from standard valuations), where a weight of 1 equates to perfect health, and a weight of 0 is equated with death. This methodology is comparable to the methodology applied in the Productivity Commission's (2020) *Mental Health Inquiry*, see Box I.2.

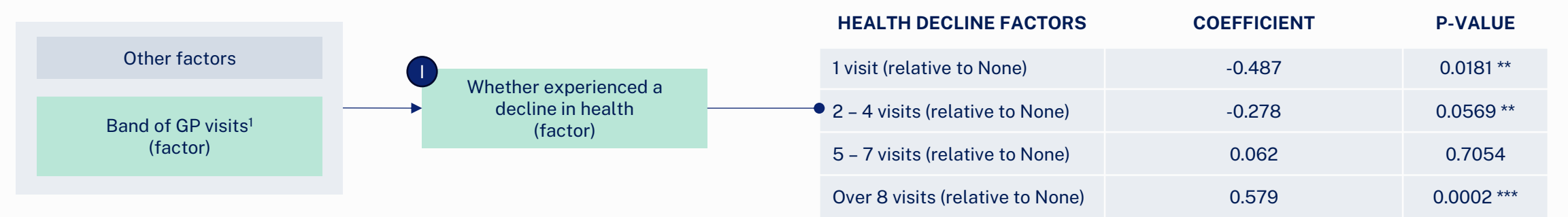
² Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.

The increase to JobSeeker will increase the likelihood of JobSeekers visiting the GP more frequently, but the effect on experiencing a health decline is non-linear

HEALTH MODELLING IN THE MICROSIMULATION



Description of results: The relationship between logged income and GP visits is modelled logistically. A 1 point increase logged income is associated with increased odds of being in the 1 visit bucket by 1.250 (p=0.1143, not significant), in the 2-4 visit bucket by 1.248 (p=0.0077), the 5-7 visit bucket by 1.313 (p=0.0033), and the over 8 visits bucket by 1.164 (p=0.0916), all relative to having no GP visits.



Description of results: The relationship between GP visits and health decline is modelled using a binary logistic regression. Compared to having no GP visits, those who have 1 GP visit are 0.615 times as likely to experience health decline (p=0.0129), those with 2-4 GP visits are 0.568 times as likely to experience a health decline (p=0.0783), those with 5-7 GP visits are 0.709 times as likely to experience a health decline though this is not statistically significant (p=0.7557), and those with over 8 visits is are 1.785 times as likely to experience a health decline (p=0.0002). GP visits are modelled using bands due to the non-linear relationship between GP visits and experiencing a health decline. Even when controlling for long-term health conditions this relationship is still observed.

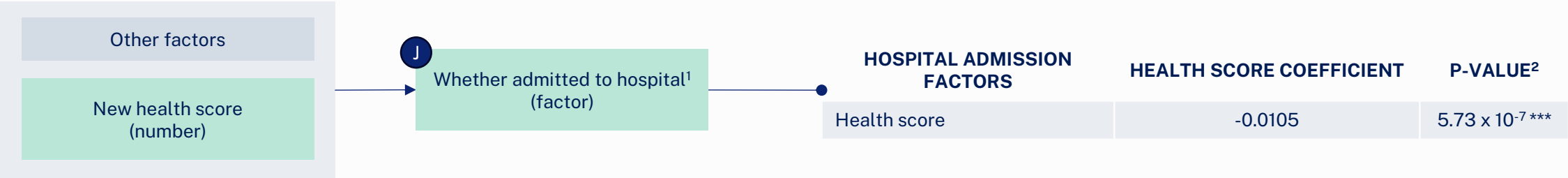
1 The band of GP visits are used instead of the number of GP visits as there is a nonlinear relationship between GP visits and the likelihood of experiencing health decline.

2 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level

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A higher health score (indicating better health) will reduce the likelihood of an individual being admitted to hospital during the year

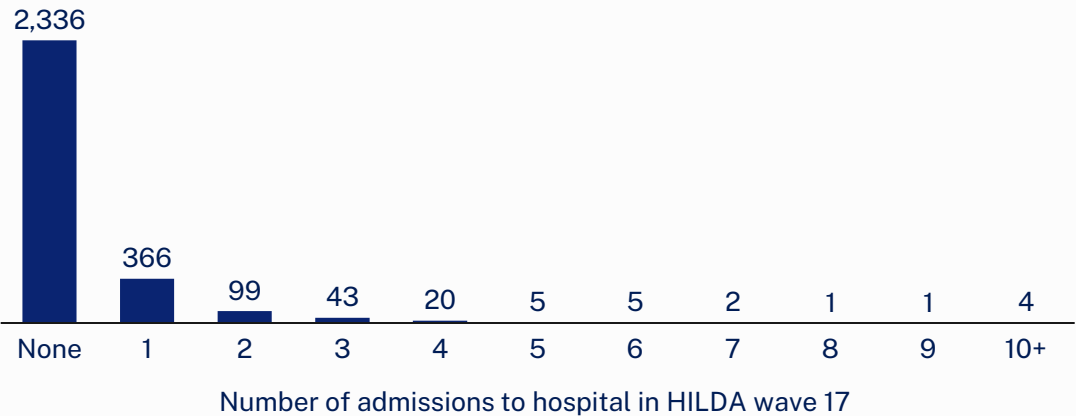
HEALTH MODELLING IN THE MICROSIMULATION



Description of results: The relationship between physical health and whether being admitted to a hospital is modelled logistically. Here, a 1-point increase in the health score of an individual reduces their odds of being admitted to hospital by 0.99 ($p = 5.73 \times 10^{-7}$).

A note on modelling: Whether someone is admitted to hospital during that year, a binary outcome, is modelled instead of the number of hospitalisations due to the right skew present in the HILDA hospitalisations data.

Therefore, a model that predicted the number of admissions would likely perform poorly. A linear model that predicts the number of hospitalisations produced an R squared of 0.04.



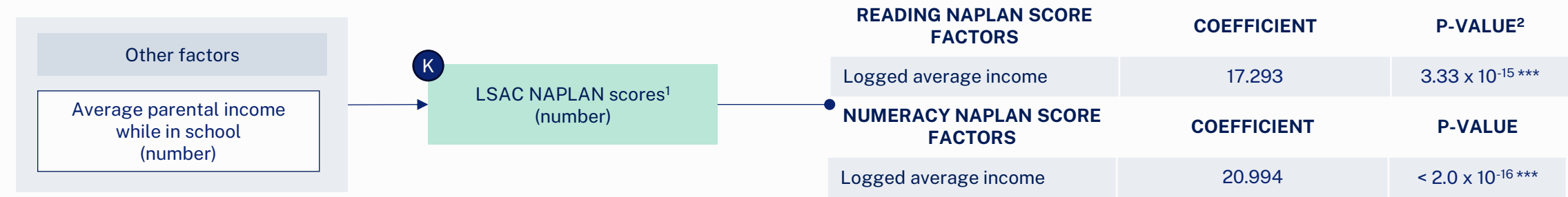
- Rules based variable
- Exogenous variable
- Endogenous variable
- Output

1 Whether admitted to hospital or not during the year is used rather than a total number as the distribution of number of hospital admissions is right skewed (not many hospital admission). The binary outcome of whether being admitted or not also produces a better fit.

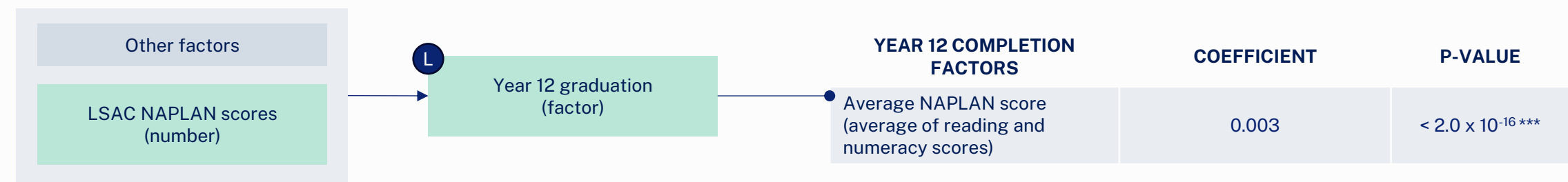
2 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level

The increase to JobSeeker will improve NAPLAN scores of children of JobSeekers which will improve their likelihood of completing year 12

CHILDHOOD DEVELOPMENT MODELLING IN THE MICROSIMULATION



Description of results: A 1-point increase in the parent’s logged average income is associated with an increase in the child’s year 9 NAPLAN reading score by 17 points (p=3.33 x 10⁻¹⁵) and an increase in the child’s year 9 NAPLAN numeracy score by 21 points (p< 2.0 x 10⁻¹⁶).



Description of results: A 1-point increase in a child’s average year 9 NAPLAN score (average of reading and numeracy) is 1.003 times as likely to complete year 12 as a child who does not see an increase in their average year 9 NAPLAN score. This indicates that a higher year 9 NAPLAN score is associated with a higher likelihood to complete year 12.

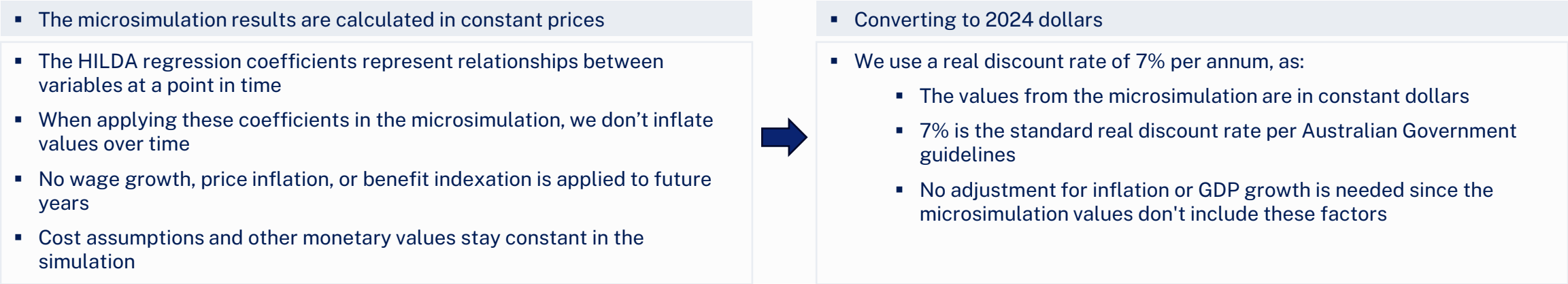
- Rules based variable
- Exogenous variable
- Endogenous variable
- Output

1 LSAC year 9 NAPLAN reading and numeracy scores are modelled separately.
2 Statistical significance: *** significant at the 1% level, ** significant at the 5% level, * significant at the 10% level

We use a 7% real discount rate to value future costs and benefits in today's dollars

DISCOUNT RATE AND PRESENT VALUE METHODOLOGY

Overview: The microsimulation produces values in constant prices (no inflation or growth adjustments). Therefore, we apply a real discount rate directly to these values.



Sensitivity analysis: To test robustness we use a lower bound of 3% real rate and an upper bound of 10% real rate.

Rationale: The 7% base rate balances the opportunity cost of capital in the private sector, social time preferences for consumption and risk premiums for public investments.¹

Formula:

Where:

$$PV = \sum_{t=1}^{10} \frac{(B_t - C_t)}{(1 + r)^t}$$

- PV = Present value in 2024 dollars
- B_t = Benefits in year t
- C_t = Costs in year t
- r = Real discount rate (7% base case)
- t = Year (1 to 10, where 1 is 2025)

¹ As per Office of Best Practice Regulation (OBPR) (2021) *Cost-Benefit Analysis Guidelines*. All costs have been discounted with either 3%, 7% or 10% depending on the scenario. The only exception is the lifetime social security costs, which are discounted at 5% across all scenarios as these costs have been informed by the Priority Investment Approach, which applies a 5% discount rate. Source: Mandala analysis.

Costs for the microsimulation are derived from previous reviews of Government services and public costs

TABLE OF COST INPUTS

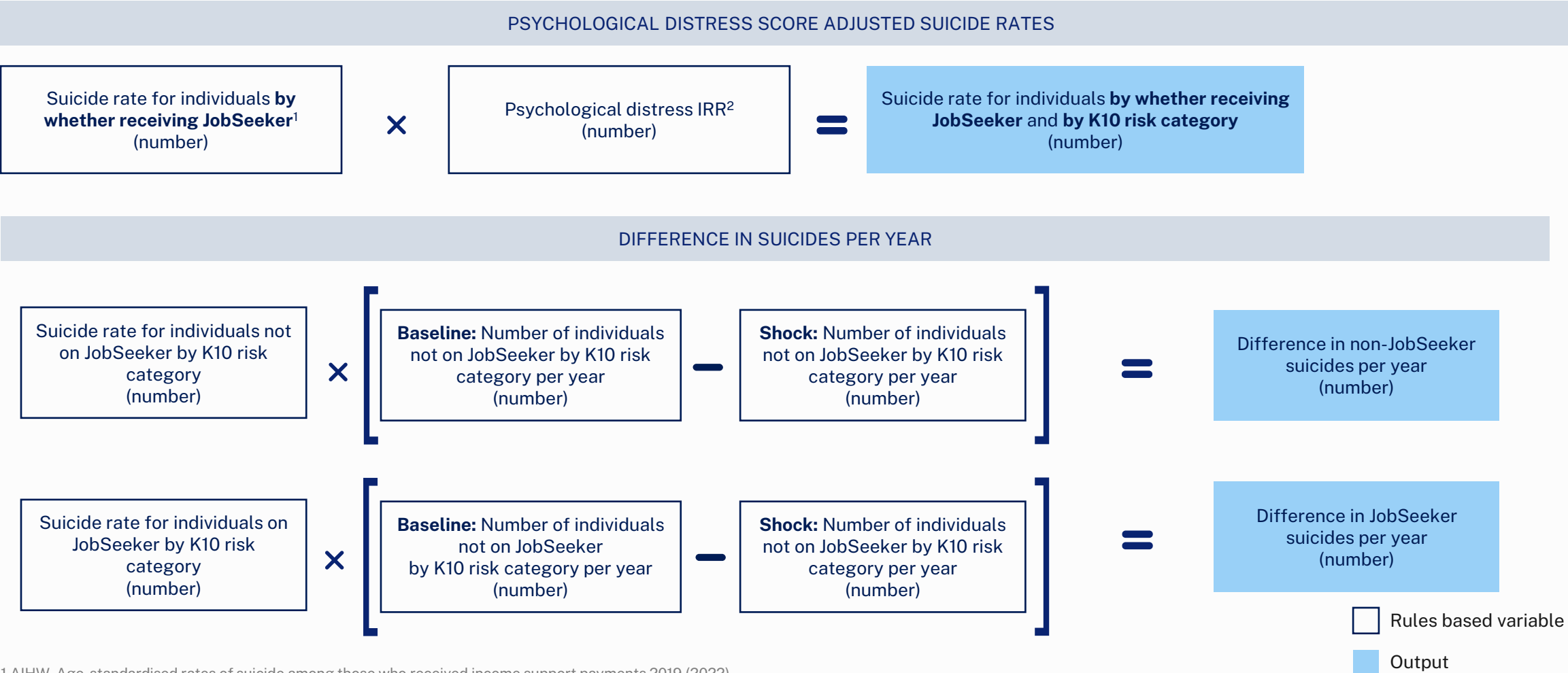
CATEGORY	ITEM	COST (AUD)	SOURCE
JobSeeker payments ¹	JobSeeker payments	Varies	Services Australia (2024) payment rates data
Health	GP consult	\$64.20	Medicare Benefits Schedule (2024). Combining rebates for Item 23 and Item 75870. Medicare Benefits Schedule - Item 23: Professional attendance by a general practitioner at consulting rooms lasting at least 6 minutes and less than 20 minutes. Medicare Benefits Schedule - Item 75870: Bulk-Billing incentive item when attendance service is provided to a patient who is a concessional beneficiary.
	Hospital admission	\$5,824	Taylor Fry (2021) Pathways to Homelessness. Cost of Hospital Admission per event (separation) was \$5,030 in 2020 according to the Independent Pricing Hospital Authority 2016/17 for NSW.
	Cost of suicide	\$9,400,000	Productivity Commission (2020) Mental Health Inquiry estimates of the average cost of a life lost to suicide in 2018 for an unemployed Australian. See Table H.8 for more details.
Quality adjusted life years	Quality adjusted life years	\$79,000	\$79,000 per one QALY in 2023 dollars, scaled for inflation from Huang et al.'s (2018) Life satisfaction, QALYs, and the monetary value of health estimate that individual's willingness to pay for one QALY is approximately A\$42,000-A\$67,000.
Children's lifetime social security cost ²	Completed year 12, spent under 50% of time with parent receiving income support	\$225,000	Supplied by Australian Priority Investment Approach to Welfare – lifetime social security costs
	Completed year 12, spent over 50% of time with parent receiving income support	\$312,000	Supplied by Australian Priority Investment Approach to Welfare – lifetime social security costs
	Did not complete year 12, spent under 50% of time with parent receiving income support	\$257,000	Supplied by Australian Priority Investment Approach to Welfare – lifetime social security costs
	Did not complete year 12, spent over 50% of time with parent receiving income support	\$409,000	Supplied by Australian Priority Investment Approach to Welfare – lifetime social security costs
Children's lifetime earnings differential	Completed year 12 compared to those who did not complete	\$277,120	Department of Education (2024) Multi-Agency Data Integration Project 2016. In 2016, those who completed Year 11 or below had a median income from wages and salaries of \$38,281. For those who complete Year 12 it was \$43,967. To be conservative, we do not make assumptions about the proportion who may complete further qualifications. We inflate by the Wage Price Index to 2024. The difference in wages is held constant over a 40-year working life span.

1 JobSeeker payments are determined for each individual in the representative cohort using the eligibility criteria provided by Services Australia

2 Lifetime social security costs for children are calculated based on parameters supplied by the Australian Priority Investment Approach to Welfare modelling team; depending on a child's completion of year 12 and the extent that a parent receiving income support.

Costs of suicides are calculated using the AIHW suicide rates adjusted by level of psychological distress using incident rate ratios from the literature

MODELLING COSTS OF SUICIDES

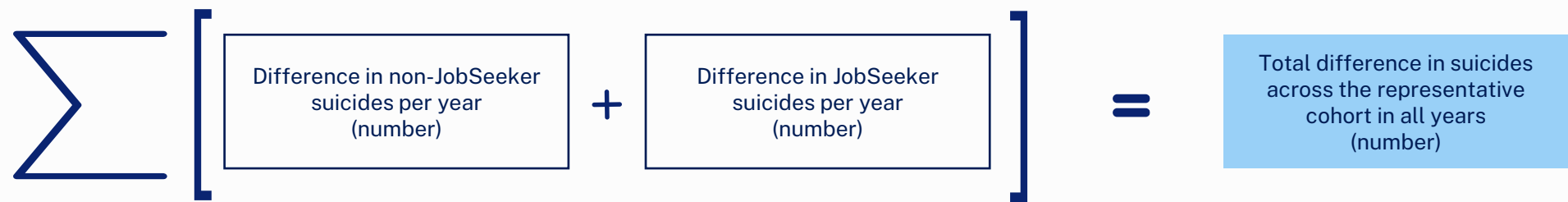


1 AIHW, Age-standardised rates of suicide among those who received income support payments 2019 (2022)
2 Erlangsen et al. (2021) Measures of mental, physical, and social wellbeing and their association with death by suicide and self-harm in a cohort of 266,324 persons aged 45 years and over. Soc Psychiatry Epidemiol 56, 295–303. <https://doi.org/10.1007/s00127-020-01929-2>

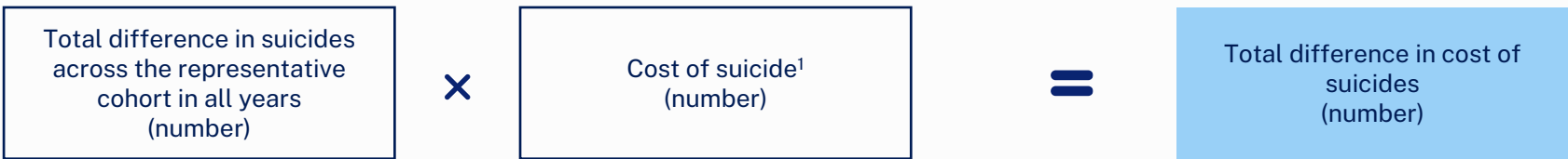
Costs of suicides are calculated using the AIHW suicide rates adjusted by level of psychological distress using incident rate ratios from the literature, continued

MODELLING COSTS OF SUICIDES

TOTAL DIFFERENCE IN SUICIDES



TOTAL COST OF SUICIDES



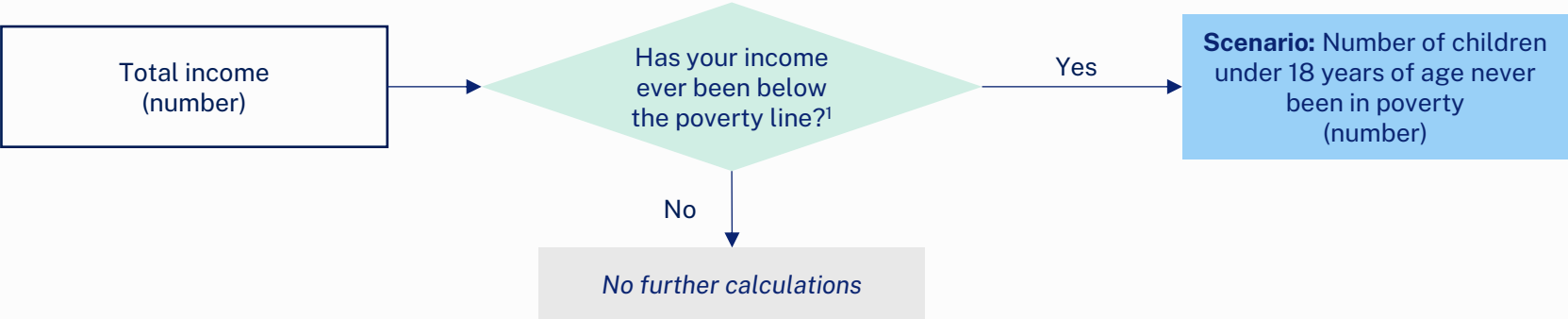
- Rules based variable
- Exogenous variable
- Endogenous variable
- Output

1 Cost of suicide \$9.4million AUD, based on Productivity Commission (2020) estimates of the average cost of a life lost to suicide in 2018 for an unemployed Australian. See Table H.8.

The benefit of added disability adjusted life years of children is calculated through the number of children of JobSeekers who would not experience poverty

MODELLING COST OF CHILDHOOD POVERTY

CHILDREN LIVING IN POVERTY



TOTAL COST OF CHILDHOOD POVERTY OF SCENARIO

$$\sum \left[\text{Scenario: Number of children under 18 years of age never been in poverty (number)} \times \text{Annual cost of child in poverty}^2 \text{ (number)} \right] = \text{Scenario: Total avoided cost of childhood poverty (number)}$$

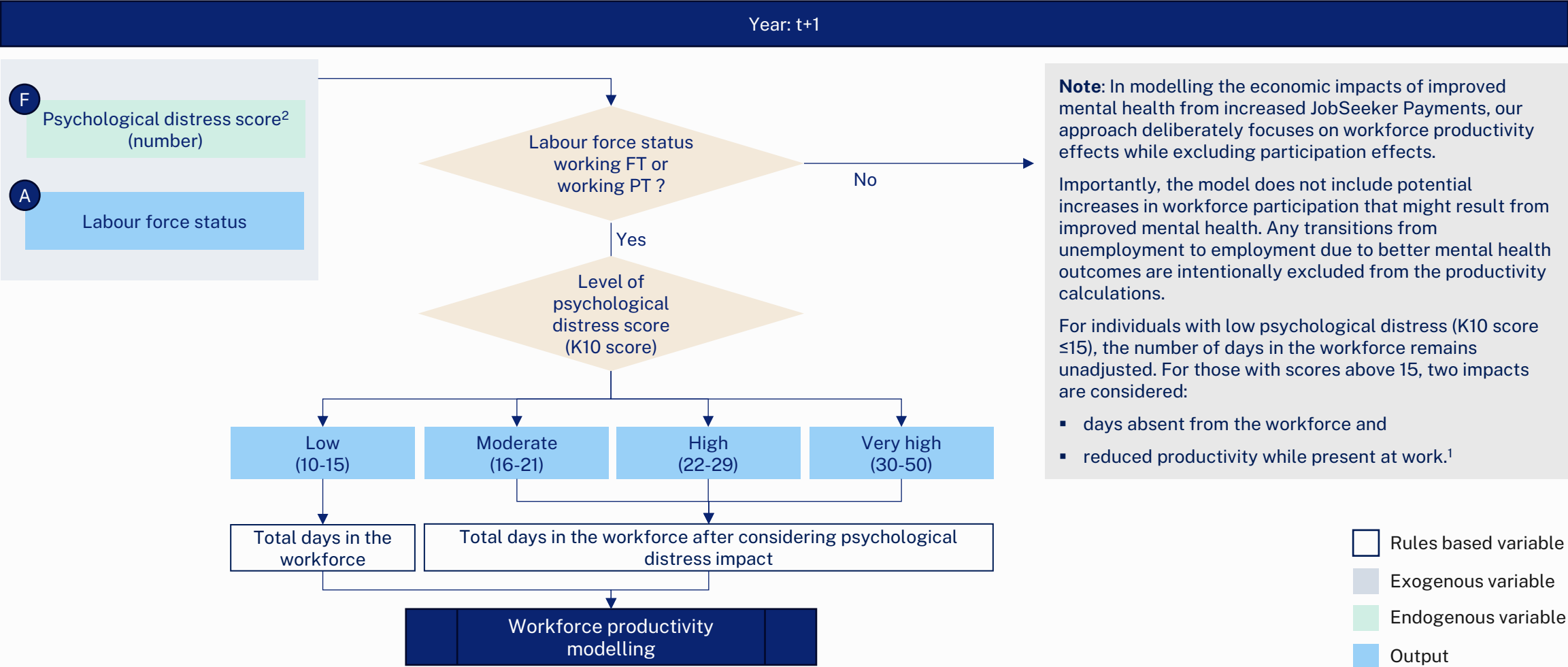
- Rules based variable
- Exogenous variable
- Endogenous variable
- Output

1 The poverty line is determined from the weekly income of an individual and their family circumstances in correspondence with the Melbourne Institute’s most recent publication of the Australian poverty lines. Source: Melbourne Institute: Applied Economics and Social Research, Poverty Lines : Australia, March Quarter 2024 (2024)

2 The annual cost of poverty is calculated based off the annual lost DALYs due to poor health and excludes the labour market outcomes and government services numbers to ensure no double counting of benefits. Source: NCOSS and Impact Economics and Policy, Lasting Impacts: The Economic Costs of Child Poverty in New South Wales (2024)

We identify the psychological distress levels of those who re-join the workforce in both scenarios

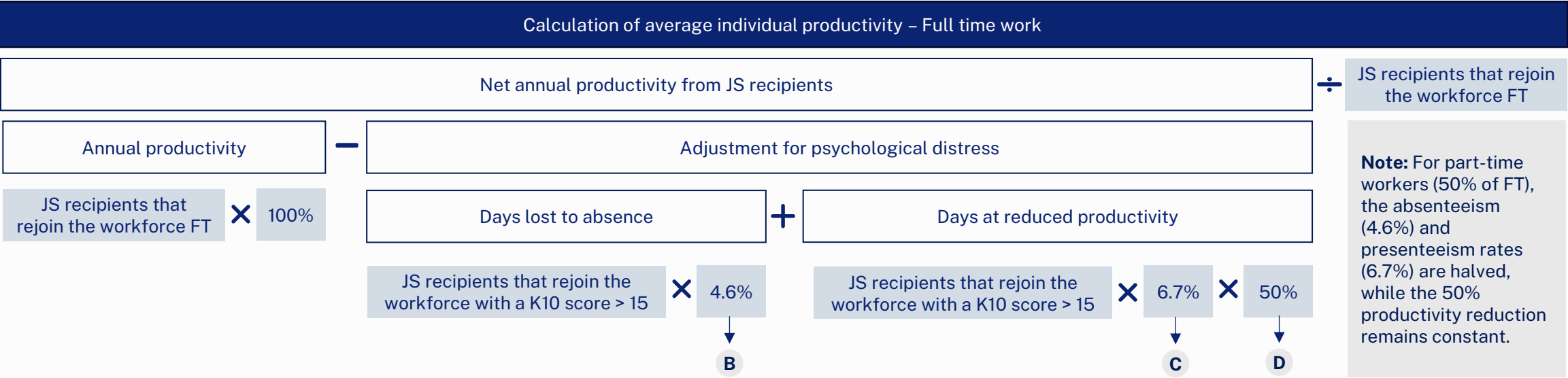
SEGMENTING WORKFORCE RE-JOINERS BY PSYCHOLOGICAL DISTRESS



1 The K10 score threshold of 15 for adjusting workforce participation days is based on the methodology outlined in the Productivity Commission's (2020) Mental Health Inquiry.
Source: Productivity Commission 2020 Mental Health, Report no. 95; Mandala analysis.

We evaluate days lost in both scenarios based on the elevated absenteeism and presenteeism for those with Kessler 10 scores >15

CGE MODELLING



- Mentally healthy workers (Kessler 10 score <15) are assumed to have 100% productivity, while those with a Kessler 10 score >15, we assume 92.08% productivity based on Productivity Commission (2020) estimates for days lost due to absenteeism and presenteeism; and the part vs full-time split.
- **B:** 4.6% represents 11 days of absenteeism out of 240 working days per year. This figure is taken from ABS National Health Survey data showing people with high K10 scores (psychological distress) take 10-12 days off work annually (11 days used as midpoint).¹
- **C:** 6.7% represents 16 days of reduced productivity out of 240 working days. Based on ABS National Health Survey data showing people work at reduced capacity for 14-18 days annually due to psychological distress (16 days used as midpoint).¹
- **D:** Based on reduced productivity where a 50% productivity reduction was assumed for days affected by psychological distress, as the ABS National Health Survey did not include questions about output levels on affected days.¹
- The difference between the baseline and increased JobSeeker Payment cohort’s average productivity is inputted to the Mandala G-Cubed (G20) model (v169) – a multi-country, multi-sector, intertemporal general equilibrium model. See McKibbin and Triggs (2018) for full model specifications.

Rules based variable

Exogenous variable

Endogenous variable

Output

¹ Based on the methodology outlined in the Productivity Commission’s (2020) *Mental Health Inquiry Report*. Source: Productivity Commission (2020) *Mental Health, Report no. 95*; Mandala analysis.

We model the productivity effects of the enhanced number of days worked by the cohort using the G-Cubed model

G-CUBED MODELLING PARAMETERS INCLUDING SHOCK INPUTS

<p>We used the G-Cubed (G20) model (v169) to estimate how improved mental health from higher JobSeeker payments affects workforce productivity. The model shows small but consistent gains in productivity over the 10-year period.</p> <p>This approach focuses purely on quantifiable productivity gains from better mental health. The results suggests even small improvements in mental health create ongoing economic benefits through higher workforce productivity.</p>	Category	Type	G-Cubed (G20) v169: A multi-country, multi-sector, intertemporal general equilibrium model	
	G-Cubed model	REGIONS	G20 economies, rest of OECD, rest of Asia, other oil producing countries, rest of world	
		SECTORS	Sectors: Energy, mining, agriculture, durable manufacturing, non-durable manufacturing and services	
	Household parameters	BEHAVIOUR	Split: forward-looking and backward-looking	Maximise intertemporal utility
		DECISION VARIABLES	Labour, consumption, investment	Subject to budget constraints
		EXPECTATIONS FORMATION	Mix of forward-looking and rule-based	
	Firm parameters	PRODUCTION FUNCTION	Nested CES	
		CAPITAL TECHNOLOGY		Costly to move installed capital between sectors
		LABOUR DEMAND	Up to marginal product = real wage	
	Monetary policy	INTEREST RATE SETTING	Henderson-McKibbin-Taylor rules	Central banks set short-term rates
		POLICY TARGETS	Inflation, unemployment, exchange rates (Australia: inflation targeting)	Country-specific
		RISK PREMIUM (RISR)	Exogenous term premium	Can be adjusted in simulations
	Labour market	WAGE ADJUSTMENT	Sticky nominal wages	Country-specific labour contracts
		UNEMPLOYMENT	Can arise from structural or demand shocks	Short-run possibility
		MENTAL HEALTH THRESHOLD	K10 score > 15	From Productivity Commission
	Productivity shock parameters	ABSENTEEISM IMPACT	4.6% (11 days/year)	ABS National Health Survey
		PRESENTEEISM IMPACT	6.7% (16 days/year)	ABS National Health Survey
		PRODUCTIVITY REDUCTION	50% during presenteeism	Model assumption
		AVERAGE PRODUCTIVITY GAIN	0.0000025% annually	Calculated impact
	Implementation	SHOCK CHANNEL	Labour efficiency	Applied through productivity
		TIME PERIOD	10 years (2024-2033)	Forward projections
		GEOGRAPHIC FOCUS	Australia	Regional specification
		PARTICIPATION EFFECTS	Excluded	Isolates productivity impact
		MODEL SOLUTION	Expectations-consistent	Forward-looking equilibrium
		ADJUSTMENT SPEED	Gradual	Due to various rigidities
		BUDGET CONSTRAINTS	Intertemporal	For all agents
	Stock-flow parameters	ASSET PRICES	Endogenous adjustment	Interest rates, exchange rates
		PHYSICAL CAPITAL	Sector-specific stocks	Limited mobility
		FINANCIAL FLOWS	Complete accounting	Including debt accumulation

Source: Productivity Commission 2020 *Mental Health, Report no. 95*; McKibbin and Triggs (2018); Mandala analysis.

We draw on Taylor Fry’s (2021) publication of JobSeekers’ justice service use rates and Dustman et al.’s elasticity estimates of welfare and crime to estimate benefits

AVOIDED JUSTICE QUANTIFICATION ASSUMPTIONS

To calculate avoided justice interactions: We use the elasticity of benefit levels to all crime reported by Dustmann et al. (2024) - a 1 percent increase in benefit levels lowers crime by an elasticity of 0.883 (year 1–5 average). In calculating benefits, we adjust for our cohort size over time for actuarial life tables and discount costs to net present values.

	RATE OF JOBSEEKER JUSTICE INTERACTIONS PER PERSON PER YEAR¹	TOTAL YEARLY INTERACTIONS FOR 20,000 PERSON COHORT	NUMBER OF EVENTS AVOIDED PER YEAR FOR 20,000 COHORT	COST AND TYPE	NOTES
POLICE RECORDED VICTIM EVENT	0.1126	2253	Not calculated.		Not calculated. For victim events, we focus on avoided domestic violence (DV) as the simulation shows families experience lower financial stress. For general victim events there are complexities around recidivism as a confounding variable that may not have been fully accounted for in Dustmann et al.’s paper.
POLICE RECORDED VICTIM EVENT - DV	0.0102	204	58	\$370.51	Inflated from \$320 per event based on Taylor Fry’s (2021) estimate.
LEGAL AID	0.0652	1305	373	\$1,745.44	Inflated mid-point of the cost per event by service type range estimated by Taylor Fry (2021) of \$173-\$2,842.
COURTS DATA	0.07323	1465	Not calculated.		Not calculated. Calculations based on court finalisations (see below).
POLICE CAUTION	0.00149	30	9	\$452.71	Cost inflated from \$391 per event based on Allard et al. (2014) per Taylor Fry (2021).
COURT APPEARANCE	0.0721	1442	288 (finalisations)	\$5,385.10 per finalisation	We divided court appearances by 5 for a conservative estimate of the number of court appearances per finalisation. Costs for magistrate’s/local court inflated from Taylor Fry (2021).
CUSTODY ENDING	0.02993	599	Not calculated.		Not calculated due to the complexities of recidivism as a confounding variable for custody that may not have been fully accounted for in Dustmann et al.’s paper.

We estimate benefits of reducing teen delinquency drawing on Dustman et al.’s (2024) elasticities and willingness-to-pay estimates to avoid crime

AVOIDED YOUTH JUSTICE QUANTIFICATION ASSUMPTIONS

To calculate the avoided cost of youth justice: We use the costs per family of teen delinquency (estimated in willingness-to-pay terms) associated with a 40% cut in benefit levels for refugee families granted residency between 2002 and 2012, reported in Dustmann et al. (2024) scaled significantly down to our assumed rate of teen delinquency (2%) for families with team children in this sample (1,464).

Sample: From our 20,000-person representative cohort, 1,464 JobSeeker recipients have a youngest child aged between 10 and 17 years old. We assume that these children may have a teen delinquency rate of 2%, based on what we know for adults (in the absence of available data): Taylor Fry (2021)’s analysis of administrative data finds 2% of those who spent time on any form of welfare had a court appearance in the same year (See Table 15).² Given the teen delinquency rate in Dustmann et al.’s sample is significantly higher (28%); we scale their estimates of costs of teen delinquency per family down to our estimate of the rate in this sample (2%).

Costs are calculated in willingness-to-pay terms (estimated by Cohen & Piquero (2009)) which count the societal impact of different crimes including intangible costs like fear and community deterioration. We derive cost estimates in USD from Dustmann et al. (2024) Figure 5 which notes youth crime is a major driver of costs in years 3-8; and scale these to our sample. We convert cost estimates to AUD for the 1,464 JobSeeker recipients with a youngest child aged 10-17, and discount benefits to net present values.

YEAR	COST PER FAMILY (WITH TEEN CHILDREN) OF TEEN DELINQUENCY ASSOCIATED WITH A 40% LOWER BENEFIT LEVEL
1-2	Nil
3	\$443
4	\$332
5	\$221
6	\$277
7	\$332
8	\$55
9-10	Nil

- Other studies also find that welfare reductions increase adolescent delinquency and risky behaviours:**
- Dave et al. (2021) find no favourable behavioural effects of welfare reductions on youth; instead identifying considerable evidence of unfavourable effects for boys. Their findings suggest welfare reduction increases maternal stress/anxiety, conflict between parents and children, or parental disengagement.
 - Deshpande and Mueller-Smith (2022) use a regression discontinuity design to estimate the effect of losing benefits at age 18 on criminal justice and employment outcomes over the next two decades. We find that benefit removal increases the number of criminal charges by a statistically significant 20% over the next two decades.

Sources: 1 Dustmann et al. (2024) Unintended consequences of welfare cuts on children and adolescents. *American Economic Journal: Applied Economics*, 16(4), 161–185. <https://doi.org/10.2139/ssrn.4939156>. 2 Taylor Fry (2021) *Pathways to Homelessness*. See Table 15. 3. Dave et al. (2021). Intergenerational Effects of Welfare Reform: Adolescent Delinquent and Risky Behaviors. *NBER Working Paper*. 4. Deshpande & Mueller-Smith (2022). Does Welfare Prevent Crime? The Criminal Justice Outcomes of Youth Removed From SSI. *NBER Working Paper*. Mandala analysis.

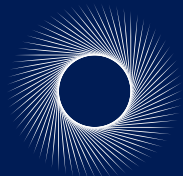
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We draw on the Productivity Commission’s (2020) costs of mental ill-health to quantify the benefits of reducing psychological distress

PER YEAR COSTS OF MENTAL ILL-HEALTH ASSUMPTIONS

2023 COST ESTIMATE BY KESSLER 10 SCORE			ASSUMPTION
COST OF MENTAL HEALTHCARE AND RELATED SERVICES	If someone's score on K10 is >22 (high or very high)	\$5,993.91 per year	<p>There are no estimates of the cost of mental-health distributed by mental health severity (e.g. Kessler 10 score) available for Australia. The best available evidence of mental healthcare and related service costs are compiled in the Productivity Commission’s (2020) <i>Mental Health Inquiry</i>, which we inflate from 2019 to 2023.</p> <p>We construct an estimate of the mental-health cost by observing different levels of mental health usage. To get a per person estimate of the cost of mental health care for those with moderate K10 scores, we divide the PC’s total cost estimate by the number of Australians who see a GP for assistance with mental health in a year (5 million). This likely gives us a slight over-estimate, as those who access a GP for mental health may not have the same level as costs as those with more severe K10 scores.</p> <p>For those with high or very high K10 scores, we proxy cost through dividing total costs by those who are prescribed medication for mental health by their GP (3 million). We expect this to be a significant underestimate of the costs for this group. Two thirds of government outlay for mental health is for public hospital and community healthcare, concentrated on acute care services for people with relatively more severe functional impairment as a result of mental illness. The number of Australians who receive counselling in a year is half of those prescribed medication (1.5 million). However, because we know that JobSeekers access psychologists at lower rates than the general population (see our analysis of PLIDA data in Appendix A), we have proceeded using this estimate.</p>
	If someone's score on K10 is 16<21 (moderate)	\$3,596.34 per year	
	If someone's score is under <16 (low)	\$0 per year	
COST DISTRIBUTION			SOURCE
DISTRIBUTION OF COSTS OF MENTAL HEALTH CARE BY CHANNEL	Government healthcare & related expenditure (includes prevention)	63.0%	Based on Productivity Commission (2020) <i>Mental Health Inquiry</i> ; Table 1.
	Related services and supports	26.6%	
	Individual out-of-pocket expenses	4.5%	
	Insurer payments for healthcare	5.8%	
MULTIPLIER FOR INFORMAL CARE	Informal care provided by friends and family	98.7%	Cost of Informal Care Provided by Family and Friends (\$15.3 billion per year) / Mental Healthcare and Related Services (\$15.5 billion per year)

Sources: Productivity Commission (2020) *Mental Health Inquiry*; Mandala estimates.



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Note: All dollar figures are Australian dollars unless indicated otherwise.

APPENDIX 5

UPDATED BUDGET

STANDARDS ESTIMATES

BY THE UNIVERSITY OF

NEW SOUTH WALES



Updated Budget Standard Estimates for 2024

Final Report

18 December 2024

Prepared for:

The Economic Inclusion Advisory Committee (EIAC) and the
Department of Social Services (DSS)

Prepared by:

Yuvisthi Naidoo, Bruce Bradbury and Pooja Sawrikar

Acknowledgement of country

We value the cultures, knowledge and practices of Aboriginal and Torres Strait Islander Peoples and how this contributes to quality research. We are committed to not perpetuating harms that have been caused by research on and about Indigenous Peoples. We embrace and honour Indigenous knowledges and continue to learn from Indigenous Peoples where we work.

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Glossary

ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Services
AIHW	Australian Institute of Health and Welfare
APRA	Australian Prudential Regulation Authority
ANU	Australian National University
CCS	Child Care Subsidy
CPI	Consumer Price Index
DSS	Department of Social Services
DPIRD	Department of Primary Industries and Regional Development
FTB	Family Tax Benefit
FWC	Fair Work Commission
GP	General Practitioner
HCC	Health Care Card
LIHCC	Low Income Health Care Card
MIHL	Minimum Income for Healthy Living
NILF	Not in the Labour Force
NSW	New South Wales
PPS	Parenting Payment Single
PCC	Pensioner Concession Card
RPI	Regional Price Index
SPRC	Social Policy Research Centre
UNSW	University of New South Wales
WA	Western Australia

1. Introduction

1.1 Project background

Budget standards are a way of determining how much income is sufficient for a particular household living in a particular place at a particular time to achieve a particular standard of living. Although the concept of a budget standard was first applied in Australia more than a century ago to set the basic wage in the 1907 Harvester Judgement (Lack & Fahey, 2008), contemporary Australian budget standards research commenced in the 1990s through the Department of Social Security's (now the Department of Social Services) initiation of indicative budget standards to assess the adequacy of social security payments (Saunders, 1996). Since then, budget standards research has been consistently used as an important benchmarking comparison in Australian cost of living estimations (Bedford et al., 2023; Harmer, 2009; Henman, 2005; Lawrence, 2015; Saunders & Bedford, 2017).

The Department of Social Services, on behalf of the Economic Inclusion Advisory Committee (EIAC), engaged a research team from the Social Policy Research Centre (SPRC), UNSW Sydney, to conduct a review of the current national and international literature on budget standards, and to develop updated budget standard estimates for different households of working age living in particular locations in Australia in 2024. The review was conducted as a rapid evidence assessment (Smyth & Naidoo, 2024)¹. To provide context to this report, a summary of its key findings is provided here.

The literature review notes that a significant body of budget standards research has emerged primarily from Australia and the UK over the last three decades, and different terminology is used including 'minimum income standards' (in the UK) and 'reference budgets' (by the European Union). The review provides an overview the development and methodology of budget standards in Australia, the United Kingdom, Ireland, the European Union, Canada, and the USA. It outlines the range of policy development and monitoring contexts that budget standard research has been applied to, including assessing the adequacy of income-setting policies, setting poverty lines and poverty targets and estimating costs for specific groups, such as children, people with disability and retirees. The review also assesses the strengths and weaknesses of budget standards approaches and the current position of budgets standards research in Australia.

This report updates previous budget standards research conducted by the SPRC, especially work presented in two recent reports:

- *Budget Standards for Child Support Research* (referred to hereafter as the *2024 Child Support Budgets*), conducted for the Department of Social Services (DSS) in June 2024², and

¹ Smyth, C. & Naidoo, Y. (2024). *Literature Review on Budget Standards*. Report prepared for the Economic Inclusion Advisory Committee. Sydney: Social Policy Research Centre, UNSW Sydney.

² Naidoo, Y., Bradbury, B., & Sawrikar, P. (2024). *Budget Standards for Child Support Research*. Report prepared for the Department of Social Services. Sydney: Social Policy Research Centre, UNSW Sydney.

- *Budget Standards for Low-Paid Families* (referred to hereafter as the *2022 Low-Paid Budgets*), conducted for the Fair Work Commission (FWC) in 2023³.

This research, in turn, builds on previous long-standing budget standards research conducted by the SPRC, including Saunders and Bedford (2017)⁴ – referred to hereafter as the *2016 MIHL Budgets* - and Saunders et al. (1998)⁵ referred to hereafter as the *1998 Indicative Budgets*.

The results will inform understandings of budget standards for low-paid and unemployed Australians and their families and help ensure that the Committee’s advice to government reflects a robust evidence base and understanding of current cost of living pressures.

The next subsection highlights the keys developments and applications of budgets standards in Australia. Section 2 outlines the method and approach to constructing the household budgets. Section 3 discusses the key decisions and assumptions made for each budget area, providing a general overview of their components. Section 4 presents the budget estimates for single person households, single parent households and couple headed households generalisable across urban (Sydney-based and national) locations and for one remote location (Fitzroy Crossing). It also compares the 2024 budget standards to existing disposable incomes based on minimum wage earners and income support payment recipients in different family circumstances. Section 5 provides a short conclusion.

1.2 Australian Budget standards research and applications

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 (Saunders & Bedford, 2017). It involves calculating the cost of living by determining the price of a typical 'basket' of goods and services that reflects an intended or underlying living standard. This in turn involves determining what needs are to be met, what items (goods and services) can meet these needs, how many of these items are needed, how long they will last, how much these items cost, and how much all these items collectively cost. In principle, the needs that represent different standards of living are reflected by varying the scope, quality, quantity, lifetime and price of the items included in the basket of goods and services (Saunders et al., 1998).

Determining how much money is needed or ‘enough’ is difficult as it sits between questions of observed consumption and participation and normative judgements (Bedford et al., 2023). These normative judgements - especially around heteronormativity, that males are the breadwinners and households are nuclear, thereby excluding blended, shared care and intergenerational families; or the

³ Bedford, M., Bradbury, B. & Naidoo, Y. (2023). *Budget Standards for Low-Paid Families*. Report prepared for the Fair Work Commission (revised). Sydney: Social Policy Research Centre, UNSW Sydney.

⁴ Saunders, P. & Bedford, M. (2017). *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. <http://doi.org/10.4225/53/5994e0ca804a4>.

⁵ Saunders, P., Chalmers, J., McHugh, M., Murray, C., Bittman, M. & Bradbury, B. (1998). *Development of Indicative Budget Standards for Australia, Policy Research Paper No. 74*. Canberra: Department of Social Security.

behaviours of people on low incomes - are subject to much debate and disagreement over ideas, facts, assumptions and interpretations. The complex and time-intensive undertaking of identifying household needs, translating these needs into commodities, pricing them and summing the cost involves a series of assumptions and assessments for which there is a degree of arbitrariness and no clear answers.

Since the 1990s, the SPRC has developed and applied methods for creating budget standards, combining three types of evidence to create standard budgets for different family types in Australia:

- Expert (normative) evidence: prevailing judgements on how much is needed to achieve specific standards;
- Behavioural (survey) evidence: data that describes the spending patterns of actual households; and
- Experiential (focus group) evidence: data that captures how households' budget in everyday circumstances.

The original *1998 Indicative Budgets* developed between 1995 and 1998 were formed around two different levels of need: a *modest but adequate* standard which provided the 'full opportunity to participate in contemporary Australian society and the basic options it offers' and the *low cost standard* which required 'frugal and careful management of resources but would still allow social and economic participation consistent with community standards' (Saunders et al., 1998: 63). In the decades that followed, these budgets were updated in line with Consumer Price Index (CPI) changes and used in a variety of applied evidence building and policy monitoring contexts (see Smyth and Naidoo (2024) for a summary).

The *2016 MIHL Budgets* involved a complete revision (rebasings) of the 1998 budgets based around the concept of a Minimum Income for Health Living (MIHL) standard developed in the public health literature in the United Kingdom. The MIHL standard was designed to reflect the minimal amount required for people in different family types to satisfy basic needs while achieving a healthy standard of living in all dimensions (Saunders & Bedford, 2017). It 'involves identifying the ingredients of a healthy life in all of its dimensions, including diet, clothing, personal hygiene, health promotion, exercise and other forms of social engagement and activity' (Saunders & Bedford, 2017: 29).

The *2022 Low-Paid Budgets* maintained the MIHL standard but involved a partial revision (rebasings) of the basket of goods and services and family types to reflect changes in community norms and living standards (especially in a post-pandemic environment) and taking into account current consumption and shopping behaviours (based on focus group findings) and re-priced for 2022. A new 'austere' supplementary discretionary budget (for alcohol, tobacco and gambling costs, eating out and international travel) was included for goods that families typically purchase to participate in Australian society. Low-paid families were expanded to include variations in labour force participation by gender.

The *2024 Child Support Budgets* involved an uprating of the *2022 Low-Paid Budgets* for Quarter 2, 2024 by CPI group-based price movements based on the same basket of goods and services. The discretionary budget was extended to include a wider range of non-essential items (as an outcome

from the *2022 Low-Paid Budgets* focus group findings but not incorporated into those budgets). The range of families was also extended to include unemployed households. The items, quantities and lifetimes for unemployed households was determined by comparing the relativities of budgets for low-paid households to unemployed households in the *2016 MIHL Budgets* and applying, as appropriate, the same relativities to the 2022 study.

The current study relies heavily on the *2024 Child Support Budgets* with modifications to estimate budget standards for one remote location and to accommodate household home purchasing costs as well as budget standards for adults in shared accommodation.⁶ It thus presents new data not captured previously in research reports by the SPRC.

This study draws on the principles of the **Minimum Income for Healthy Living (MIHL)** standard, which emphasises the importance of ensuring individuals have the means to maintain their health and well-being across all aspects of life. As articulated by the MIHL framework:

"The basic idea is that the budgets should allow each individual to lead a fully healthy life in all of its dimensions, in their roles as family members, workers and consumers. The MIHL standard is thus designed to ensure that each individual is able to achieve levels of consumption (of food, clothing, medications, transportation, personal care and so on) and participation (in lifestyle, exercise and social activities) that are consistent with healthy living (Saunders & Bedford, 2017: 4-5).

The research process for developing the budgets in this study, referred to as the *2024 Low-Paid and Unemployed Budgets*, includes the following steps:

- Estimating budgets for 27 family types differentiated by the number of adults, the number of children and household/family composition across low-paid and unemployed families.
- Modifying the generalisable urban (Sydney-based and national) budgets for the 27 low-paid and unemployed families to estimate budget standards estimates for one remote location in Australia (Fitzroy Crossing).
- Estimating the budget costs for Quarter 4 2024 prices by inflating the Quarter 3 2022 prices used in the *2022 Low-Paid Budgets* with CPI group-level trends (and forecasts).
- Expanding the previous housing budgets to include purchasing housing costs and additional renting related costs.

These budgets represent the minimal level of expenditure required for people in different family types to satisfy basic needs while supporting a healthy lifestyle, including an acceptable level of social participation.

⁶ As the research relies heavily on the *2024 Child Support Budgets* and the *2022 Low-Paid Budgets*, much of the text in those reports is duplicated in Section 3 and in parts of Section 2 of this report.

2. Method and approach

This section explains the methods and approaches used to develop the household budgets. The construction of these *2024 Low-Paid and Unemployed Budgets* relies on the basket of goods and services developed for the previous SPRC studies (*2024 Child Support Budgets*, *2022 Low-Paid Budgets* and *2016 MIHL Budgets*). They all follow similar principles and assumptions but over time have included reviews, updates and extensions to account for changes in pricing, amendments to government benefits and concessions, modification to budget items, the inclusion of supplementary discretionary items, and variations in family types. This section describes the various family types on which the budgets are based; the entitlements of government benefits and concessions based on earnings assumptions; and general budget assumptions; extensions for this project; and strengths and limitations applied across the budget areas.

2.1 Specifying family types

Budgets are estimated for 27 family types differentiated by the number and gender of adults, the number of children, household/family composition and labour force status. The minimum criterion is for all households to contain at least one low-paid worker or one unemployed adult. This project extends the *2024 Child Support Budget* report that includes 25 family types to include two shared accommodation family types differentiated by labour force status. The following clarifying assumptions are made:

- In every family type, the female is aged 35 years and/or the male adult is aged 40 years.
- The children in the households are primary school aged, with child one, a girl aged 8 years and child two, a boy aged 11 years.⁷
- Single parents are assumed to have full parental responsibility for all their children.
- For single earner couples with children, the partner (female/mother) not in the labour force or dual earner couples with children, the partner (female/mother) working part-time is assumed to be the primary carer.
- The shared accommodation households include a male and female with both working full-time or both unemployed.

It is important to stipulate that as with previous studies, the detailed itemisation of each budget area makes it operationally impractical to develop budgets for every family type configuration in Australia. The 27 family types provide a defensible account of budget costs for a majority of low-paid and unemployed households in Australia, encompassing: single adults, couples without children, couples with children and single parents, in various combinations of labour force status. The budget for single

⁷ It should be noted that the age of the children in this study, the *2024 Child Support Budgets* and the *2022 Low-Paid Budgets* are different to the *2016 MIHL Budgets* and original *1998 Indicative Budgets*. In those studies, the children were aged 6 (girl) and 10 (boy), and girl (6) and boy (14) respectively.

people in shared accommodation is based on the costs of two individuals sharing in a household (with costs divided evenly).

Table 1 Family types

Low-paid		Unemployed	
FT1	Single female, working full-time, living alone	FT17	Single female, unemployed, living alone
FT2	Single male, working full-time, living alone	FT18	Single male, unemployed, living alone
FT3	Single mother, working full-time, 1 child	FT19	Single mother, unemployed, 1 child
FT4	Single father, working full-time, 1 child	FT20	Single father, unemployed, 1 child
FT5	Single mother, working part-time, 1 child	FT21	Single mother, unemployed, 2 children
FT6	Single father, working part-time, 1 child	FT22	Single father, unemployed, 2 children
FT7	Single mother, working full-time, 2 children	FT23	Couple, male unemployed, female unemployed
FT8	Single father, working full-time, 2 children	FT24	Couple, male unemployed, female unemployed, 1 child
FT9	Single mother, working part-time, 2 children	FT25	Couple, male unemployed, female unemployed, 2 children
F10	Single father, working part-time, 2 children	FT28	Single adult in shared accommodation, male unemployed, female unemployed
F11	Single earner couple, male working full-time, female NILF		
FT12	Single earner couple, male working full-time, female NILF, 1 child		
FT13	Single earner couple, male working full-time, female NILF, 2 children		
FT14	Dual earner couple, male working full-time, female working part-time		
FT15	Dual earner couple, male working full-time, female working part-time, 1 child		
FT16	Dual earner couple, male working full-time, female working part-time, 2 children		
FT27	Single adult in shared accommodation, male working full-time, female working full-time		

FT: Family Type; FT: Full-time; PT: Part-time; NILF: Not in the labour force; UE: Unemployed.

2.2 Work-related and government benefits and concessions assumptions

The principles and assumptions relating to each budget area are described in Section 3. Those relating to work and to entitlements to government benefits and concessions, however, are listed below as they cut across budget areas. They are similar to those applied in the development of the *2024 Child Support Budgets*, the *2022 Low-Paid Budgets* and the *2016 MIHL Budgets*:

- For households with at least one adult in employment, full-time work is set at 38 hours or 5 days per week, and part-time work is set at 19 hours or 2.5 days per week.
- Couple households have at least one adult in full-time work or two adults unemployed.
- For dual earner or single earner couples with children, the male in the household is assumed to be the main earner and the female the primary carer.
- Females in single earner couple households that are not in the labour force (NILF) are generally assumed to not receive a JobSeeker Payment – and thus have lower costs compared to dual earner couples as the NILF parent does not have the costs of looking for work. (One of the calculations in Table 25 is an exception to this rule).

These assumptions affect the prices of goods that are subject to concessions based on income or benefit receipt, such as childcare, utility and public transport costs.

It is assumed that wage earnings and/or government benefits are the only sources of household income, plus any relevant Family Tax Benefit (FTB), but with no other earned or received income. All workers are assumed to be ‘low-paid’, with part-time workers receiving half of full-time earnings. The definition of ‘low-paid’ follows the Fair Work Commission’s definition; that is, full-time workers earning at or below two-thirds of median adult full-time ordinary earnings (FWC, 2022).

The following government benefits and concessions are assumed to apply:

- All single parents receive the maximum rate of FTB (A), and a Pensioner Concession Card (PCC) based on their eligibility for Parenting Payment Single (PPS), irrespective if working full-time, part-time or unemployed.
- All single parents are entitled to a maximum subsidy of 90% on childcare payments.
- Single earner couples with children receive the maximum rate of FTB (A) including Rent Assistance and are entitled to a Health Care Card (FTB HCC).⁸
- Single earner couples without children are eligible for a Low Income Health Care Card (LIHCC).
- Dual earner couples with children are entitled to concessions on energy use (state-based) because they receive FTB.
- Dual earner couples with children are entitled to an 89% subsidy on childcare payments.

⁸ In New South Wales (NSW), the HCC and LIHCC offer concessions on healthcare and at the state level may provide concessions on energy and public transport. This study uses NSW concessions for budget calculations, though other states have similar benefits with varying eligibility and payment methods. For FTB, it is assumed that the family’s annual income estimate reflects their weekly income and is not ‘overestimated’ to reduce the risk of debt.

- All unemployed households receive the HCC as a condition of meeting the eligibility criteria for JobSeeker Payment or PPS.

2.3 Remote pricing approach

As discussed above, this study modifies the generalisable urban budgets for the 27 low-paid and unemployed families to estimate budget standards estimates for one remote location in Australia. The single remote location – Fitzroy Crossing in the Kimberley region of Western Australia (WA) – was chosen in consultation with the Committee. The Fitzroy Crossing urban centre has a population of approximately 1,000 with the two nearest towns – Derby and Halls Creek – approximately 250 kms away in opposite directions.

Budgets are likely to vary with location for two main reasons. First, people in remote locations need to consume different quantities of particular commodities to maintain the same living standard. Second, prices for these goods and services are different. For most goods in this study, only price adjustments are made. The exception is transport, where we also model the increased travel required by people in remote areas.

For the pricing of goods and services other than housing, we use the WA 2023 Regional Price Index (RPI) produced by the Department of Primary Industries and Regional Development (DPIRD), Government of Western Australia.⁹ This index includes estimates of the relative prices in different regions of WA, relative to those in Perth. We assume that the same relativities apply when comparing our major urban estimates to the remote areas of WA.

The RPI contrasts a basket of 189 goods and services across 39 regional centres in WA to the Perth metropolitan region.¹⁰ The 189 items are grouped into eight categories: food; tobacco and alcohol; clothing; housing; household equipment and operation; health; transport; education and recreation. A weighted price index is available for each category for Fitzroy Crossing from 2000 to 2021.¹¹ The DPIRD states that the ‘basket permits the construction of a comparative index of costs, which are indicative of the differences of the cost of living at different locations around the state’ (DPIRD, 2023: 2).

The index for 2023 for Fitzroy Crossing for seven categories of expenditure is applied to the budget areas, recognising that the pricing categories closely resemble but are not identical to the budget areas for this study. The following inflators are applied: food (RPI food 126.3); personal care (RPI health 107.0); clothing and footwear (RPI clothing: 109.0); recreation (RPI recreation and education: 107.3); household goods and services (RPI household equipment and operation: 116.4); health (RPI

⁹ DPIRD (2023). *Regional Price Index 2023*. Perth: Government of Western Australia, Department of Primary Industries and Regional Development, accessed 20 November 2024. <https://catalogue.data.wa.gov.au/dataset/regional-price-index-western-australia>.

¹⁰ Metropolitan Perth prices are the average of prices across Armadale, Innaloo, Joondalup and Midland, with prices collected from two retail outlets for each of the eight categories of baskets.

¹¹ Weights are attached to items considered to be more important. These are based on the weights included in the CPI for Perth. The DPIRD acknowledges that this is a limitation as the consumption patterns are based on averages for those in Perth which may not reflect consumption choices, availability and patterns in regional locations (DPIRD, 2023: 6).

health: 107.0); transport (transport: 113.2); education (RPI recreation and education: 107.3); and discretionary expenditure (RPI tobacco and alcohol: 111.0).

For example, the health RPI does not include any personal care items; the education RPI is limited to government school fees; and the clothing RPI does not include footwear. The DPIRD is currently undergoing a review to inform the 2025 collection to increase the number of items and extend the range of locations. Overall, the RPI indicates that prices in Fitzroy Crossing for 2023 are approximately 11.8% higher than metropolitan Perth, and that this is true for many regional and remote towns, with the exceptions of a few in the mid-west and south-west of WA (DPIRD, 2023: 8). This confirms other research that, apart from the land component of housing, prices are more likely to be higher in regional/remote locations. For example, Ferguson et al. (2016) found that food and beverage prices were considerably higher in remote Indigenous communities compared to prices in Adelaide and Darwin.^{12,13}

The approach undertaken for the purposes of this study assume that the commodities consumed by people in remote areas are the same as those in urban areas. This can be justified on equity grounds: people living in areas that may have fewer services or items available to them should not be presumed to not need them. The MIHL standards are thus set to ensure healthy living standards in all its dimensions across all of Australia.

However, this approach is unlikely to accurately reflect the feasible consumption patterns in remote areas, where many goods and services might not be available. To accurately customise consumption patterns for remote areas, further work is required on understanding the social norms, consumption patterns and choices available to people living in remote locations. For example, people in remote locations might not have the same access to recreational activities or may require different food items available to them to maintain a healthy diet.

However, because transport needs are so clearly different in regional/remote locations, this study provides some estimates of the greater consumption of transport services in Fitzroy Crossing. To maintain a socially acceptable level of consumption, people in remote areas need to travel further, usually by private transport. The core transport budget includes costs for public transport and taxis, both modes of transport that are unavailable in many remote and rural communities across Australia. The adjustments made for Fitzroy Crossing are described in Section 3.7.

For housing, several options are explored to translate the urban budgets for rent to Fitzroy Crossing equivalents. Most dwellings in Fitzroy Crossing are rented, a large fraction are public housing, and a large fraction of the population is in receipt of income support payments (ABS, 2021). The dwelling

¹² Ferguson M., O'Dea, K., Chatfield, M., Moodie, M., Altman, J. & Brimblecombe, J. (2016). The comparative cost of food and beverages at remote Indigenous communities, Northern Territory, Australia. *Australian and New Zealand Journal of Public Health*, 40, S21-26.

¹³ The ABS has published data on the average retail prices of selected goods in each of the eight capital cities (up until 2011), but not areas outside the capital cities, <https://www.abs.gov.au/ausstats/abs@.nsf/PrimaryMainFeatures/6403.0.55.001>.

stock is also quite different from Sydney, Melbourne and Brisbane, with no bedsit or single bedroom housing, and the total number of dwellings is relatively small.

Consequently, the approach followed is to deflate the Sydney/Melbourne/Brisbane rents by a single rent deflation factor (multiply by 0.314). This calculation is based on 2021 Census data, comparing the median rent ratio for income support recipient households in Sydney, Melbourne, and Brisbane to that in Fitzroy Crossing. It is further adjusted to account for the differential growth in rents between Perth and Sydney/Melbourne/Brisbane since 2021.¹⁴ This deflator is used for both the unemployed and low-paid households (because of data restrictions). Because very few households in Fitzroy Crossing are purchasing their dwellings, we do not present any estimates for home purchasers.

¹⁴ More precisely, the median rent for households with primary source of income from pensions and benefits, but not with primary benefit being Age Pension (a ratio of 0.284). Between 2021 and 2024, CPI rents grew by 32% in Perth, but on average by 20% in Sydney, Melbourne and Brisbane. We assume that the Perth rental growth also applies to Fitzroy Crossing.

3. Budget areas

As noted earlier, the budget standard process involves the construction of lists of consumption items required for families of different compositions to attain a given standard of living. The 8 core budgets – food, personal care, clothing and footwear, recreation, household goods and services, health, transport and education – are developed around the MIHL standard for achieving healthy outcomes in all dimensions of life in contemporary Australia. The two additional budget areas for housing and discretionary expenditures recognise that housing is an essential need and necessary cost for most family types, and that items in the discretionary budget support participation in Australian society. This section provides more information about each budget area (based on the generalisable urban budgets), including the key assumptions made, examples of the items included, and an illustration of the budgets for selected individuals at Quarter 4 2024 prices.

Detailed pricing was undertaken for the *2022 Low-Paid Budgets* with a reference period of Quarter 3 2022. In that study, most pricing was sourced online from national retailers such as Woolworths, Kmart, Chemist Warehouse, and Fantastic Furniture. Using online pricing allowed the research team to collect national data, ensuring consistent and location-independent pricing.¹⁵ A minority of items required in-store visits. This project inflates the values up to Quarter 4 2024 using CPI group-level trends (and forecasts). The only exception is for the housing budget which is based on the 2021 Census and updated to Quarter 4 2024 values.

3.1 Food

General assumptions

Pricing

- Where possible, items were priced online from Woolworths.
- Where possible, the items priced were of “generic” brand variety.

Demographic variation

- All dietary and nutritional numbers are the same regardless of employment status; only age and gender influence these numbers.

Deductions

- A 5% “opportunistic” deduction is applied to the low-paid families to account for their shopping around for specials.
- A 5% “food wastage” deduction (from food spoilage, plate waste, leftovers etc.) is also applied to the low-paid but not unemployed families.

Note: The same assumptions apply for the remote food budget.

¹⁵ However, it should be noted that even within a national network of outlets, certain items were still subject to localised pricing variations.

The food budgets are designed to ensure that the dietary profiles of all individuals are consistent with prevailing dietary recommendations for energy and nutrients to maintain ‘healthy living’. There are 139 items categorised into six food sub-groups: cereals; fruit; vegetables; meat and protein alternatives; dairy; and the largest, the ‘other processed’ group largely comprising of food items such as condiments, drinks, confectionary and other snack foods. A minimal allowance for alcohol and ‘fast food’ eating out is also included.

Table 2 shows a summary of the budget for a few household types: single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the child components in unemployed households. It is possible to derive the food budgets for other household types from the selected ones in Table 2, as this budget is developed and calculated at an individual level.

For example, a single unemployed mother, one child is: \$77.9 (F) + \$38.7 (G) = \$117; a single employed mother, two children is: \$82.0 (M) + \$40.7 (G+5%) + \$58.3 (B+5%) = \$181; a dual earner couple with two children is: \$180.3 + \$40.7 (G) + \$58.4 (B) = \$279. For two full-time employed adults sharing accommodation, the cost of food is \$82.0 (F) + \$98.3 (M) = \$180.3. For two unemployed adults sharing accommodation, the cost of food is 5% less at \$77.9 (F) + \$93.4 (M) = \$171.3. These amounts are equal to employed and unemployed couple households with no children respectively, which also assumes the two adults are one female and one male.

The budgets are approximately 20% higher for males than females. While the food budget is lower for children, it is 43% higher for an 11 year old boy compared to an 8 year old girl, reflecting the nutritional differences in growing needs. Members in unemployed households have budgets that are 5% lower than low-paid households, in accordance with the assumption that low-paid households are allocated an additional 5% allowance for food wastage.

Table 2 Food budgets for single person, couples and additional children (\$pw)

Areas	Examples	N items (av F/M)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner	Dual earner
Cereals	Cereal, bread, rice & pasta	11	11	\$9.1	\$11.2	\$8.6	\$10.6	\$6.2	\$6.1	\$20.3	\$20.3
Fruit	Canned, frozen, & fresh fruit	17	17	\$13.2	\$15.4	\$12.5	\$14.7	\$6.1	\$7.4	\$28.6	\$28.6
Vegetables	Canned, frozen, & fresh vegetables	24	24	\$20.2	\$20.4	\$19.2	\$19.4	\$5.9	\$8.9	\$40.6	\$40.6
Meat & alternatives	Fish, beef, chicken & baked beans	17	17	\$15.1	\$17.7	\$14.3	\$16.9	\$5.8	\$13.3	\$32.8	\$32.8
Dairy	Milk, cheese & yoghurt	4	4	\$6.2	\$6.4	\$5.9	\$6.1	\$4.0	\$5.0	\$12.6	\$12.6
Other processed	Drinks, sauces, spreads & snacks	66	66	\$18.3	\$27.0	\$17.4	\$25.7	\$10.7	\$14.8	\$45.4	\$45.4
Total		139	139	\$82.0	\$98.3	\$77.9	\$93.4	\$38.7	\$55.5	\$180.3	\$180.3

3.2 Personal care

General assumptions

Pricing

- Where possible, items were priced online from Woolworths, and if not available, priced from Chemist Warehouse or Kmart.
- Haircuts were priced online for adults and children from Just Cuts.

Demographic variation

- Males are assigned the same items, quantities and lifetimes regardless of their employment status, with the exception of haircuts.
- Females are assigned the same items, but quantities and lifetimes are adjusted for makeup and haircuts, depending on labour force status.
- Children are assigned the same items, quantities and lifetimes regardless of the employment status of the household.

Haircuts

- All children are allocated 4 haircuts per year (one per term).
- All working adults are allocated one haircut every 8 weeks.
- Unemployed males and females and females NILF are allocated one haircut every 16 weeks.

Note: The same assumptions apply for the remote personal care budget.

The personal care budget is organised into three categories: those specific to an individual; household items that are dependent on the number of people in the household (e.g., shampoo, soap, tissues, toilet paper etc.), and general household items used by all members irrespective of the number (e.g., hair dryer, manicure nail kit, insect repellent etc.). There are 33 items on average between females and males, and 21 items on average between girls and boys, categorised into eight sub-groups: hair, body, face, teeth, other, household items and unallocated household items.

Table 3 shows a summary of the budget for single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the child components (relevant to both low-paid and unemployed households). On average, females have budgets approximately double those of males due to additional expenses for face and body products, including makeup, perfumes, nail accessories, and sanitary items.

Adjustments for females not working full-time are assumed to relate only to work-based activities. Females who are unemployed or NILF are allocated fewer haircuts and extended lifetimes or reduced quantities of makeup, resulting in a 30% cost reduction. For females working part-time, only slight adjustments are made to makeup expenses. The difference in the budgets of employed versus unemployed males arise directly from the higher frequency of haircuts (one every 8 weeks compared to one every 16 weeks). Haircuts remain the largest proportion of personal care budgets across all individuals. Adults in shared accommodation are assumed to bear the individual costs of personal care and share household costs the same as two co-habitant partnered adults.

Table 3 Personal care budgets for single person, couples and additional children (\$pw)

Areas	Examples	N items (av F/M)	N items (av G/B)	Single FT employed		Single Unemployed		Low paid and unemployed		Couples	
				F	M	F	M	Girl	Boy	Single earner	Dual earner
Hair	Haircuts, hair brush & hair elastics	3	4	\$13.2	\$5.2	\$6.7	\$2.6	\$4.7	\$4.3	\$11.9	\$18.4
Body	Deodorant & sanitary products	5	0	\$5.8	\$0.05	\$5.8	\$0.05	\$0.0	\$0.0	\$5.8	\$5.8
Face	Mascara, lip stick & after shave	5	0	\$4.4	\$4.9	\$3.1	\$4.9	\$0.0	\$0.0	\$7.2	\$8.0
Teeth	Toothbrush	1	1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3	\$0.3
Nails	Nail polish & nail polish remover	2	0	\$0.5	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5
Other	Sunglasses & toiletry bag	4	2	\$0.5	\$0.5	\$0.5	\$0.5	\$0.2	\$0.2	\$1.0	\$1.0
Household items	Soap, toothpaste & toilet paper	10	10	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1	\$2.1	\$4.1	\$4.1
Unallocated household items	Hair dryer & nail kit	4	4	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$1.0	\$1.0
Total		33	21	\$27.0	\$13.3	\$19.2	\$10.7	\$7.6	\$7.3	\$31.7	\$39.0

3.3 Clothing and footwear

General assumptions

Pricing

- Where possible, items were priced online from Kmart, and if not available, priced online from Target or Big W.
- Shoes were priced online from Rebel (for sneakers) and Target.

Branding

- Where possible, all clothing is of ‘non-brand’ variety unless otherwise specified.
- Sneakers for all household members is of “brand” variety.

Demographic variation

- Females are assigned more items than males, to include dresses, underwear and active wear.
- The item list, quantity and cost of working adults’ clothing and footwear items are the same regardless of the full-time/part-time status of the household. For those people NILF or unemployed, lifetimes and quantities are increased or reduced for specific clothing and footwear items to reflect their reduced or non-working clothing and footwear requirements.
- The item list, quantity and cost of children’s clothing and footwear items are the same regardless of the employment status of the household.
- The lifetimes and quantities of clothing and footwear for children consider the practicality of size changes as children grow and the durability of items bought at the lowest prices from budget retail stores.

Note: The same assumptions apply for the remote clothing and footwear budget.

The clothing and footwear budget includes the different wardrobe items required to meet the clothing needs of individuals in a variety of work-related and social settings. There are 49 items on average between females and males, and 35 items on average between girls and boys, categorised into 11 sub-groups: tops, shorts and skirts, dresses, pants, knitwear, activewear, underwear, swimwear, shoes and accessories.

Table 4 shows a summary of the budget for single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the child components in the unemployed households. The differences in the budgets by gender and labour force status reflect the assumptions that overall females are assigned more items compared to males, but also differences in lifetimes and quantities for work/non-work clothing and footwear. The budget for females compared to males is 26% higher for females working and 17% higher for unemployed or NILF females. It is at least 38% lower for adults unemployed (or NILF) compared to those working.

Children's clothing and footwear is for general leisure. School-related items are in the Education budget. The lifetimes and quantities of clothing and footwear for children are determined based on the practicality of size changes as they grow, and the durability of items sourced from budget retail stores. For children in unemployed families, the lifetimes of most items are extended by 50% compared to items for children in low-paid families, except for shoes, which are limited to one year due to growth and increased wear and tear. Consequently, the overall budgets for children in unemployed households is 34% lower for a girl and 37% lower for a boy than children in low-paid households.

Table 4 Clothing and footwear budgets for single person, couples and additional children (\$pw)

Areas	Examples	N	N	Single FT employed		Single Unemployed		Unemployed households		Couples	
		items (av F/M)	items (av G/B)	F	M	F	M	Girl	Boy	Single earner	Dual earner
Tops	Tshirts & singlets	7	4	\$2.0	\$2.9	\$1.1	\$1.1	\$0.3	\$0.6	\$4.0	\$4.9
Shorts & skirts	Shorts & skirts	3	3	\$0.8	\$0.4	\$0.4	\$0.3	\$0.4	\$0.5	\$0.9	\$1.3
Dresses	Dresses casual & smart	2	1	\$0.7	\$0.0	\$0.3	\$0.0	\$0.4	\$0.0	\$0.3	\$0.7
Pants	Jeans, pants & tracksuit pants	4	3	\$1.2	\$1.2	\$0.7	\$0.6	\$0.5	\$0.8	\$1.9	\$2.4
Knitwear, jumpers & jackets	Hoodies, jumpers & raincoat	8	5	\$1.7	\$1.4	\$0.9	\$0.6	\$1.0	\$1.0	\$2.3	\$3.1
Activewear	Leggings, exercise tops	2	0	\$0.8	\$0.0	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6	\$0.8
Sleepwear	Pyjamas	3	3	\$0.8	\$0.5	\$0.5	\$0.2	\$0.4	\$0.5	\$1.0	\$1.3
Underwear	Socks & underpants	6	4	\$3.3	\$1.8	\$1.6	\$0.8	\$0.3	\$0.5	\$3.5	\$5.2
Swimwear	Swimsuit, rash vest & hat	4	4	\$0.4	\$0.4	\$0.2	\$0.2	\$0.3	\$0.2	\$0.6	\$0.7
Shoes	Sneakers, thongs & slippers	6	5	\$2.3	\$2.1	\$1.4	\$2.8	\$2.5	\$2.1	\$3.6	\$4.5
Accessories & other	Umbrella & wallet	8	5	\$0.8	\$1.0	\$0.6	\$0.5	\$0.2	\$0.3	\$1.6	\$1.8
Total		49	35	\$14.8	\$11.7	\$8.5	\$7.2	\$6.3	\$6.5	\$20.2	\$26.5

3.4 Recreation

General assumptions

- All recreation activities and entertainment have a lifetime of one year regardless of the employment status of the household.
- All household members are allocated weekly physical activity/s (such as swimming and age-based sport activities for children).
- All household members are allocated a minimal level of leisure activities (such as cinema visits).
- Households with children are allocated two single day trips that include a meal out for each household member.
- Holidays are kept to a minimum in terms of duration (one week) and location/accommodation arrangements chosen to minimise costs, varying by the presence of children and if households are unemployed.
- Gifts are not accounted for in the budgets on the basis that they cancel each other out, i.e., gifts in = gifts out.
- Households engage in reciprocal arrangements with family, friends and neighbours for babysitting and childminding for leisure activities outside of the home.
- Travel costs associated with the holiday are accounted for in the Transport budget.

Aligned with the MIHL focus on promoting a healthy lifestyle, the recreation budget includes activities and items that provide all household members with access to leisure opportunities, though these remain modest and frugal. All household members are assumed to regularly participate in free physical activities such as walking, running and swimming at the beach. It is further assumed that household members frequently engage in free physical and community events.

Holidays are limited to a one-week duration and are typically local with travel by car. Low-paid households are allocated low-cost accommodation, such as caravan parks, while unemployed households are assumed to stay with friends or family. All households receive a small holiday food loading allowance. As holidays are costed at the household level, adults sharing accommodation are assumed to share a cabin but that they would travel separately. Travel to and from the holiday destination are included in the Transport budget. Recreation allocations include weekly swimming pool entry for all adults, a mix of swimming lessons and pool access for the 8-year-old girl, and participation in a local soccer club for the 11-year-old boy.

Table 5 shows a summary of the budget for single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples with 2 children, along with the child components in the unemployed households. There are 17 items on average between females and males, and children have many more items for boys (45 items on average between the girl and boy). Similar to the personal care budget these are organised into 3 categories: activities and entertainment specific to an individual; household items that are dependent on the number of people

in the household, and if there are children (e.g., holidays, board games, streaming service, etc.) and household items for those with children (kids arts and crafts items, children's bicycles, etc.).

The main contributor to the large difference in the budgets for unemployed households to working households (approximately 60% less) is the cost of the holiday. Although not shown separately in Table 5 the cost of holiday accommodation is the largest component of the recreation budget. Girls are allocated a slightly higher budget due to having a greater number of toys compared to boys.

Table 5 Recreation budgets for single person, couples and additional children (\$pw)

Areas	Examples	N items (av F/M)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner (with children)	Dual earner (with children)
Activities & entertainment	Doll, cinema tickets & day trips	7	22	\$11.5	\$11.5	\$11.4	\$11.4	\$16.6	\$16.1	\$61.6	\$61.7
Household items	Holiday, streaming & books	10	10	\$28.7	\$28.7	\$4.2	\$4.2	\$4.2	\$4.2	\$40.9	\$40.9
Households (with children)	Bicycle, arts & craft	0	13	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$1.0	\$1.0	\$1.0
Total		17	45	\$40.2	\$40.2	\$15.7	\$15.7	\$21.8	\$21.3	\$103.5	\$103.6

3.5 Household goods and services

General assumptions

Pricing

- Pricing for items was dependent on the nature of the item – furniture was priced online at Fantastic Furniture, white goods from Bing Lee, dinnerware and bedding from Kmart, general household items from Woolworths, and national service providers specific to mobile phone services, household contents insurance, internet and electricity services.

Demographic variation

- Households with children have a range of item lifetimes reduced by one year to account for wear and tear by children (such as furniture, tableware, cookware, kitchenware and appliances).
- Unemployed households generally have item lifetimes increased by one year for non-durable / non-disposable household goods.
- All households are assigned the same lifetimes for disposable items (such as cleaning clothes, cleaning sprays, dishwashing detergent, candles and pest insecticides) and other disposable festive items (such as balloons, Christmas cards and wrapping paper).
- Employed are allocated home contents insurance.
- The quantities for some items are dependent on the number of adults and children in the household and the nature of the item. For example, bath towels are assigned per person, while bedding sets are assigned per relationship.

Household services

- Household services have a set lifetime and quantity of one per year, with no specific provisions made for children, as these are typically paid annually or monthly.

Note: The same assumptions apply for the remote household goods and services budget.

The household goods and services budget is among the most complex, encompassing general household items, such as furniture, bedding, white goods, crockery, and appliances, as well as household utilities such as electricity, internet, and mobile phone services. The trade-off between item quality and lifespan, a factor in other budgets, is further influenced by the presence of children in the household and the application of concessions to household utility costs.

Table 6 shows a summary of the budget for single full-time employed and unemployed households, along with the components in the single-parent and couple-parent unemployed households. There are 198 items allocated to households, and an additional 30 child-specific items. Pricing for household services follows the same approach as in the *2022 Low-Paid Budgets*: mobile phone services are based on a post-paid SIM card for 40-80GB; internet services are for 60Mbps provided through cable or ADSL; and electricity costs are based on household size aggregated across four seasons. With the exception of full-time single people and dual earner couples with no children, all family types meet the criteria for a low-income household rebate and/or a family energy rebate. For adults in shared accommodation, although costed as two single adults, it is assumed that the bill for utilities is under one person's name to whom the utility concessions are applied but which also affected the other single adult in the household, therefore these deductions are only made once and not per individual.

The large difference between full-time employed and unemployed households relates to the use of services and particularly the allowance for home contents insurance for low-paid households (valued at \$15,000 with an excess of \$1,000), with an approximate 17% decrease in costs for unemployed single adults. The presence of children cost of one child adds approximately 25% more and the cost of two children adds approximately 40% more for unemployed single parent households, and close to 50% more for unemployed couple households with one child and 60% with two children.

Table 6 Household goods and services budgets for single person, single parent and couple households (\$pw)

Areas	Examples	N items (av F/M)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households			
				F	M	F	M	Single parent 1 child	Single parent 2 children	Couple 1 child	Couple 2 children
Lounge & dining furniture	Lounge, dining table & cushions	7	7	\$10.5	\$10.5	\$8.9	\$8.9	\$10.5	\$10.5	\$10.5	\$10.5
Bedroom	Mattress, quilt & pillows	9	9	\$4.0	\$4.0	\$3.4	\$3.4	\$3.4	\$3.4	\$3.8	\$3.8
Bathroom	Towels, shower caddy & waste bin	10	10	\$0.5	\$0.5	\$0.3	\$0.3	\$0.5	\$0.6	\$0.6	\$0.6
General household items	Doormat, picture frames & toolkit	7	7	\$0.5	\$0.5	\$0.4	\$0.4	\$0.4	\$0.4	\$0.5	\$0.5
Kitchen - tableware & utensils	Dinner set, glasses & knives	32	32	\$1.6	\$1.6	\$1.3	\$1.3	\$1.5	\$2.1	\$2.1	\$2.3
Kitchen - cookware	Frypan, pots & loaf pan	21	21	\$0.9	\$0.9	\$0.8	\$0.8	\$0.9	\$0.9	\$0.9	\$0.9
Cleaning utensils	Broom, mop & washing up brush	11	11	\$11.6	\$11.6	\$11.6	\$11.6	\$17.1	\$17.1	\$17.0	\$17.0
Household - durables	Ironing board, light bulbs & kitchen bin	23	23	\$2.4	\$2.4	\$1.5	\$1.5	\$1.6	\$1.7	\$1.7	\$1.7
Household - non durables	Christmas items, batteries, paper towel & oven cleaner	45	45	\$8.2	\$8.2	\$7.9	\$7.9	\$8.3	\$9.9	\$10.6	\$11.2
Appliances	Fridge, computer & vacuum cleaner	20	20	\$15.1	\$15.1	\$12.8	\$12.8	\$14.9	\$14.9	\$18.4	\$18.4
Outdoor	Table & chairs	5	5	\$0.8	\$0.8	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7
Child bedroom	Mattress, donna, pillow, book case	0	18	\$0.0	\$0.0	\$0.0	\$0.0	\$4.5	\$8.5	\$4.5	\$8.5
Other Child items	Balloons, plastic party utensils	0	12	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$0.4	\$0.4	\$0.4
Services	Electricity & internet	7	7	\$55.1	\$55.1	\$48.9	\$48.9	\$57.9	\$62.7	\$71.7	\$75.7
Services	Electricity concessions	1	1	\$0.0	\$0.0	-\$6.3	-\$6.3	-\$6.3	-\$6.3	-\$6.3	-\$6.3
Total		198	228	\$111.1	\$111.1	\$92.2	\$92.2	\$116.4	\$127.4	\$137.2	\$145.9

3.6 Health

General assumptions

- All adults and children are healthy and have no underlying or chronic health conditions.
- The employment status of the household does not affect the basket of health items. Items are allocated by gender and if an adult or a child.
- Individuals only attend a General Practitioner (GP) that offers bulk billing. Households have no out-of-pocket expenses for these visits.
- Although health concessions apply with a Health Care Card, no discounts are included for prescription or non-prescription medicines because many of the larger chemists already offered discounted prices.
- No private health insurance is included.¹⁶
- Dental costs are based on average national expenditures on the assumption that adequate dental care is a requirement for minimal healthy living.

Note: The same assumptions apply for the remote health budget.

In keeping with the MIHL standard and the notion of ‘healthy living’, the health budget assumes that all household members are healthy, do not have any underlying or chronic health conditions and have reasonable access to the public health system.¹⁷ The budget includes costs for routine health-related events such as getting sick, visiting the doctor, purchasing non-prescription and prescription medications and costs related to routine preventative health checks and dental treatment.

Table 7 shows a summary of the budget for single full-time employed and unemployed households, and single earner (M FT/F NILF) and dual earner (M FT/F PT) couples, along with the child components in the unemployed households. There are 10 items on average, with slightly more items assigned to females for a 5-yearly pap-smear and the contraceptive pill. Items are grouped into medical, dental, pharmaceutical – prescription, pharmaceutical – non-prescription and household items. The same items are allocated to children, with the provision that medicines like paracetamol for pain relief and ibuprofen for anti-inflammation are child-appropriate.

Overall, the budgets for females are about 8% higher, with costs increasing by the size of the household, especially the presence of children who on average have slightly higher expenses for pain-relief items. General dental care including consultations, extractions, fillings, and teeth scaling and cleaning (Australian Institute of Health and Welfare [AIHW], 2022), is the largest expenditure item, accounting for at least 80% of the health budget across all households.

¹⁶ Private health insurance is included an expenditure item in the supplementary discretionary budget.

¹⁷ As discussed in the 2022 *Low-Paid Budgets* report (Bedford, Bradbury and Naidoo, 2023), a social gradient of health does exist (de Leeuw et al., 2021), however more validation work is required to understand the variations in health adjustments required for different family types.

Table 7 Health budgets for single person, couples and additional children (\$pw)

Areas	Examples	N items (av F/M)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households		Couples	
				F	M	F	M	Girl	Boy	Single earner	Dual earner
Medical	GP visits & pathology	2	1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Dental	Teeth scale, clean & filling	1	1	\$10.5	\$10.5	\$10.5	\$10.5	\$10.5	\$10.5	\$21.0	\$21.0
Pharmaceutical - prescription	Anti-biotics & contraception pill	2	1	\$1.7	\$0.6	\$1.7	\$0.6	\$1.2	\$1.2	\$2.3	\$2.3
Pharmaceutical - non-prescription	Panodol, Nurofen & antiseptic cream	5	5	\$0.6	\$0.6	\$0.6	\$0.6	\$1.2	\$1.2	\$1.3	\$1.3
Household Items	First aid kit & thermometer	1	2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2	\$0.1	\$0.1
Total		10	10	\$12.9	\$11.9	\$12.9	\$11.9	\$13.1	\$13.1	\$24.7	\$24.7

3.7 Transport

General assumptions for urban areas

Car Costs and Services

- Unemployed households without a child/ren are not allocated a car.
- All remaining households are allocated one car.
- Cleaning products but not car cleaning services are included.
- Households are allocated one annual car maintenance service.
- Households are allocated general associated costs to ensure road worthiness (such as registration fees, third-party car insurance, comprehensive car insurance, roadside assistance).
- Households with children include a small number of toll charges for the annual week's holiday travel and parking costs for day trips

Public Transport

- Bus is the main mode of transport, except for train travel to the week's holiday for unemployed single adults.
- In couple households, one parent (father) is allocated five return bus trips per week to get to and from work. The primary carer is assumed to use the car.
- Members in low-paid households are allocated an additional trip per month to participate in social and recreation activities.
- Unemployed household costs are capped per week based on eligibility to transport concessions. This concession does not apply to low-paid households.
- Children either walk to school or use a student travel-free transport card.
- Children are also assigned a return bus far per month to participate in social and recreation activities with their family.

Additional transport costs

- All households are allocated 4 taxi trips (maximum distance 10km) per year.
- Single female and single parent households are allocated two additional taxi rides (maximum distance 10km) per year to allow for safe passage home at night.

Note: The same assumptions do not apply for the remote health budget (see discussion below).

Unlike the 2016 MIHL budgets, all low-paid households and all unemployed households with children are allocated a car: a used five-year-old Toyota Corolla Ascent (sedan) purchased and owned, and which is assumed to be sold after five years. Consistent with the *2024 Child Support Budgets*, the decision to assign a car to all families with children is based on the rationale that a vehicle is necessary for transporting children to and from school and participating in after-school activities. Car usage (distance and petrol costs) are calculated from national average travel distances by family type and purpose similar to those applied in the *2016 MIHL Budgets* and based on national average petrol prices.

Unemployed households (with the exception of single parents) are assumed to be reliant on public transport with state-based concessions that cap weekly costs.¹⁸ For unemployed couples with children, the assumption is that one parent will use public transport to look for work as a condition of receiving the JobSeeker Payment. For unemployed households without children, access to public transport also facilitates bus and train trips to the local shopping hub, trips for medical and dental visits and for recreational activities plus an additional return train fare for travel to their domestic holiday destination (Forster). Transport costs for adults in shared accommodation, are treated as single adults with costs determined by labour force status and gender.

Table 8 shows a summary of the urban budget for single full-time employed and unemployed households, along with components for unemployed households with children covering a wide range of items mostly relating to the cost of a car (including car accessories, cleaning products, road worthiness expenditures and petrol), but also bus and train fares and limited taxi fares. Expenditure relating to the ownership and use of the car is the biggest cost category for all families (except unemployed single adults, who are not assigned a car). It is also the biggest differentiator in the costs across families: unemployed adults have costs that are a quarter of those employed, with costs increasing for households with children based on average distances travelled.

General assumptions for remote areas

The transport assumption for remote areas are different to those listed above as many regional and remote areas do not have access to public transport. This is true for Fitzroy Crossing that does not have a current serviceable taxi service or public bus or train transport. Hence these cannot be applied, and it is assumed that apart from walking short distances, a car is the primary and only mode

¹⁸ For this study, NSW based the Opal Card concession cap at \$25 per week per adult is applied, although eligibility criteria and concession amounts may vary across states.

of transport necessary for work and non-work related activities. Consequently, all households irrespective of employment status or presence of children are allocated a car.

Car costs are distinguished by general car costs and usage distance-based car costs. General car costs cover items such as car care products, car accessories, and general associated costs to ensure road worthiness such as compulsory registration fees, third-party car insurance, comprehensive car insurance, roadside assistance, license costs, car maintenance service. While usage-based car costs include tyre costs and petrol costs with costs increasing over longer distances travelled. For this study, general car costs are based on the urban-based pricing and inflated by the WA RPI for transport which estimates a 13.2% increase in transport costs for Fitzroy Crossing. Because this does not take account of the faster depreciation due to the greater differences travelled, this can be treated as an underestimate of the additional car costs in Fitzroy Crossing.

Usage based car costs are estimated based the on the relative difference in the average commuting distance to work for Greater Sydney compared to the Derby Local Government Area that includes Fitzroy Crossing (a ratio of 2.76 to 1).¹⁹ This ratio is applied to the national average distances travelled by representative household types, in conjunction with national average petrol prices inflated by the WA RPI to account for higher petrol prices in Fitzroy Crossing. To reflect the additional wear and tear on car parts over long distances, tyre costs have been adjusted using the same ratio. However, the current budget does not consider the faster depreciation of the car or the specific type of car required for longer distances. The impact of the changes in transport assumptions as they apply to Fitzroy Crossing are discussed in detail in Section 4.2.

Table 8 Transport budgets for single person and single mother households (\$pw) - urban

Areas	Examples	N items (av F/M)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households			
				F	M	F	M	Single mother 1 child	Single mother 2 children	Couple 1 child	Couple 2 children
Car & accessories	Car, car seat covers & car cleaning products	5	5	\$37.0	\$37.0	\$0.0	\$0.0	\$37.0	\$37.0	\$37.7	\$37.7
Associated car costs	Car registration & service, licence cost & car insurance	11	12	\$57.7	\$56.4	\$0.0	\$0.0	\$58.3	\$58.3	\$57.0	\$57.0
Petrol	Petrol costs	1	1	\$20.3	\$20.3	\$0.0	\$0.0	\$49.3	\$49.3	\$76.0	\$76.0
Public transport	Bus fares	1	2	\$2.4	\$2.4	\$27.9	\$27.9	\$1.8	\$2.4	\$3.0	\$3.7
Total		18	20	\$117.5	\$116.2	\$27.9	\$27.9	\$146.5	\$147.1	\$173.7	\$174.3

¹⁹ See Table 3 (average commuting distance for Greater Sydney is 15.25) and Table 5 (average commuting distance for the Derby Local Govt Area is 42.10)
<https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2071.0.55.0012016?OpenDocument>.

3.8 Education

General assumptions

- Children attend the local government primary school and have no additional learning or developmental needs.

Pricing

- The majority of school-related items are priced online from Kmart, except for school clothing which is school-branded and priced from the local school uniform provider and school shoes from national retailer Shoes and Sox.
- Education-based electronic items are priced from JB HiFi.
- Before and After School Care Costs are based on the average of the ranges provided by Care for Kids.²⁰

Demographic variation

- Stationery, books and folders, fees and lunch accessories all have the same lifetime regardless of the employment status of the household.
- The item list, cost and quantity are the same for all children's clothing and footwear items regardless of the family type or employment status of the household.
- Children in unemployed households are assigned longer lifetimes for education-related clothing items and for electronic items.

Childcare

- Before and after school care is offered for 40 weeks a year and vacation care is for six weeks per year.
- Single parents working full-time access before and after school childcare five days a week.
- In couple parent households, childcare is dependent on the primary carer's job status. Households with mothers working part-time access before school childcare two days a week and after school childcare three days a week. Households with mother's NILF do not use any childcare, including vacation care.
- Unemployed households are allocated one day per week of after school childcare, and one day per week of paid vacation care to provide flexibility in mandatory job search activities as a condition of receiving the Jobseeker Payment.
- All families with children are assumed to be entitled to receive a childcare subsidy that reduces their out-of-pocket costs depending on their income level.

Note: The same assumptions apply for the remote education budget.

The education budget includes uniform and stationery items, as well as items that ensure children participate in all aspects of schooling available at a public primary school. No allowance is made for developmental needs and there is no allowance for adult education. In terms of scope, children are assumed to participate in school excursions including an annual school camp for the older boy, have

²⁰ <https://www.careforkids.com.au/child-care-articles/article/77/how-much-does-child-care-cost>

access to a laptop (for the older boy) and a tablet (for the younger girl) for educational purposes and for families to afford to pay for school photos, compulsory school fees and voluntary contributions. The lifetime for education-related clothing items is 1.5 times more for unemployed households and children in unemployed households are assigned an extra to the lifetime of their tablet (girl) and laptop (boy).

The assumptions for childcare are based around hetero-normative gender assumptions of the mother as the primary carer. Hence no childcare is assigned to single-earner low-paid couples with mothers NILF. Dual earner low-paid couples are assumed to access only 5 sessions of childcare a week on the assumption that the mother can arrange work to fit around care responsibilities. Unemployed families are allocated 1 session of after school childcare to allow participation in mandatory job search activities. Consistent with the *2022 Low-Paid Budgets* and the *2016 MIHL Budgets*, the 12 weeks of school vacation time is split between 6 weeks of informal care and 6 weeks of formal vacation care. The former absorbed through 4 weeks of annual leave by the primary carer and 2 weeks by the primary earner, other family members and/or friends. All families with children are assumed to be entitled to receive a childcare subsidy that reduces their out-of-pocket costs, with the level of subsidy ranging between 85-90% depending on their family income; 90% for families with household income \$0-\$80,000 and decreased by 1% for every \$5,000 of family income earned above \$80,000.²¹

Table 9 shows a summary of the education budget (excluding childcare) for single parent households - employed full-time and unemployed. While Table 10 shows a summary of the childcare budget for employed and unemployed single parent and couple households. There are 34 items on average between girls and boys and childcare is distinguished by before school care, after school care and vacation care. Overall, the education budget (excluding childcare) for low-paid households is on average 15% more than that of unemployed households. Part-time single parents incur approximately half the childcare costs of a single parent working full-time. Unemployed single parents with one child bear a quarter of the childcare costs of dual earner couples and 15% of the costs of low-paid single parents.

²¹ Childcare subsidy is percentage based depending on what category of income the household/family earns and for vacation care the number of entitled hours to make a claim. Childcare costs are based on 2022 values inflated to 2024 values using the ABS CPI childcare inflator. This inflator takes account of the increase in the subsidy rate from 85% in 2022 to the current 90%.

Table 9 Education budgets for employed and unemployed single parent and couple households (\$pw)

Areas	Examples	N items (av G/B)	FT employed single parent		Unemployed single parent	
			Girl	Boy	Girl	Boy
Stationary	Textas, pencils, case, ruler, rubber	11	\$0.5	\$0.5	\$0.5	\$0.5
Books & folders	Exercise book	1	\$0.1	\$0.1	\$0.1	\$0.1
Fees	Fees, voluntary contrirbutions, excursions, school photos	4	\$11.2	\$18.2	\$11.2	\$18.2
Lunch	Drink bottle, lunch box	3	\$1.0	\$1.0	\$1.0	\$1.0
Other	School bag, tablet	2	\$4.2	\$4.6	\$3.2	\$3.5
Summer clothing	School tunic	2	\$1.2	\$1.6	\$0.8	\$1.0
Winter clothing	Jumper, pants, short, skirt	4	\$2.5	\$2.4	\$1.7	\$1.6
Sport clothing	T shirt, tracksuit pants	4	\$1.2	\$1.2	\$0.9	\$0.9
General clothing	School hat, shoes, socks, stockings	4	\$3.8	\$3.5	\$2.5	\$2.4
Total		34	\$25.7	\$33.0	\$21.9	\$29.1

Table 10 Childcare budgets for employed and unemployed single parent and couple households (\$pw)

Areas	Examples	N items (av G/B)	Single parent households (1 child)			Couple households (1 child)	
			FT	UN	PT	UN	Dual earner
Childcare	Before school	1	\$13.7	\$0.0	\$5.5	\$0.0	\$5.9
Childcare	After school	1	\$21.3	\$4.3	\$12.8	\$4.3	\$13.7
Childcare	Vacation care	1	\$5.5	\$1.1	\$2.7	\$1.1	\$2.9
Total		1	\$40.5	\$5.4	\$21.0	\$5.4	\$22.4

3.9 Housing

General principles

The previous SPRC housing budgets were estimated by assuming that people were paying rent in either Sydney or an average of Sydney, Melbourne and Brisbane. These rents were set using a mix of normative assumptions (the number of bedrooms required for the family size) and behavioural assumptions (choosing a percentile, such as 30th-50th, of the estimated distribution of rents). This project continues this approach, but also adds estimates of moving costs, rental bond payments and includes rents and associated housing costs in one remote location (Fitzroy Crossing).

In addition, this report also includes budgets for people purchasing their dwelling. This is based on mortgage expenditures in the 2021 Census, updated to take account of dwelling price and interest rate changes. To this is added an estimate of home maintenance costs. Home purchasing costs are not included for Fitzroy Crossing because of the low number of people purchasing dwellings in this region.

It is important to understand however, that the housing budgets are developed using a different set of principles to the other 'core' budget items. While we do employ some normative international housing occupancy standards with regard to household size (that is, in the number of bedrooms), we do not attempt to assign normative standards to other aspects of housing quality (for example, apartments versus houses, backyard size, quality of dwelling). Such a normative standard would require a much more comprehensive study of the conditions associated with particular dwellings in specific locations.

Housing costs vary widely across households. In particular, location and homeownership status are important determinants. In poverty studies, housing costs are often analysed as a largely unavoidable cost, with the observed housing costs of households deducted from income and the residual compared with an 'after-housing' poverty line. The after-housing line reflects the need for non-housing consumption, with no normative expenditure requirement set for housing.

Here, we follow this same principle by considering housing as a separate cost which is calculated in a (largely) non-normative fashion. In this report, we use an adaption of the rental threshold approach used in the *2016 MIHL Budgets* with modifications to take advantage of newly available Census data. The methods are the same as in the *2022 Low-Paid Budgets* and the *2024 Child Support Budgets*, but updated to Quarter 4 2024, with some adjustments for unemployed households.

Renting

The following assumptions are used to derive a standard housing budget for each family type when renting. In addition, data is presented to allow the same methods to be applied to other regions or to other rent thresholds:

- Households are assumed to be living in dwellings rented on the standard private rental market (rented from a real estate agent).
- The number of bedrooms in a household's dwelling is (with one exception) set following the Canadian National Occupancy Standard.²² This is a minimal housing standard based on parental relationships and the age and gender of children. However, as in Saunders and Bedford (2017), we do not follow this standard for couple-only households in employment. For these households, the Canadian minimum standard ascribes only one bedroom, but for low-paid households we assign two bedrooms based on the wide prevalence of this housing

²² See ABS <https://www.abs.gov.au/census/guide-census-data/census-dictionary/2021/variables-topic/housing/housing-suitability-hosd>.

pattern in Australia.²³ For unemployed couple-only households, we maintain the more austere Canadian housing standard of a single bedroom. With this adaption, we thus assume the following number of bedrooms for each household composition: single people (1), couples (1 for unemployed, otherwise 2), couples and single parents with one child (2), couples and single parents with two children (3). Note that if both children were of the same gender, the Canadian standard would imply that they could share a bedroom and thus live in a two-bedroom dwelling (instead of the 3-bedroom dwelling assumed here).

- Rents are estimated for several points on the rental income distribution (25th, 30th, 40th and 50th percentiles) and for the capital cities and non-capital cities in each state/territory. These are calculated using the 2021 Census, uprated to Quarter 4 2024 values using growth in the rent component of the CPI for each capital city.²⁴ All dwelling types (houses and units) are included in the estimation. The main rental budgets that we present are based on the average of rents in Sydney, Melbourne and Brisbane, but detailed information is presented to allow other regions to be chosen.

Note that other housing-related costs, such as consumption-based water rates and household insurance, are included in the household goods and services budget. The rent thresholds for different locations are shown in Table 11 for households with different numbers of bedrooms. There is substantial variation in rents across percentiles, dwelling size and region. Across the different cities and dwelling sizes, the 25th percentile averages around 85% of the median value. The cross-regional variation is generally much larger than this, with the lowest rent in each dwelling size being between 39-52% of the highest. For example, the median rent for three-bedroom dwellings varies from \$624 per week in Sydney to \$320 per week outside Adelaide in South Australia.

²³ In the 2021 Census, 43% of couple-only households renting from a real estate agent lived in a two-bedroom dwelling and only 13% lived in a one (or zero) bedroom dwelling (plus 44% in larger dwellings). Across regions, the highest percentage in one-bedroom dwellings was in the ACT and Sydney at 27% and 21% respectively (ABS TableBuilder).

²⁴ Census rent percentiles are calculated by linear interpolation within rent ranges, accessed via ABS TableBuilder. The rent component of the CPI for the capital city of the state/territory is used (CPI is not available for non-capital regions). The ratio of September quarter 2021 and September quarter 2024 values are used to inflate the rent levels, multiplied by 13/12 to extend to December 2024. Because of recent rent increases, these estimates are substantially higher than those included in the 2022 report.

Table 11 Estimated rent percentiles in 2024

Region	Bedrooms	Rent percentile (\$pw)			
		25	30	40	50
Greater Sydney	1	454	478	502	540
	2	479	495	543	590
	3	524	545	583	624
Rest of NSW	1	244	255	279	307
	2	315	329	362	385
	3	400	420	444	476
Greater Melbourne	1	343	352	368	389
	2	404	415	439	466
	3	420	429	453	478
Rest of Vic.	1	195	203	220	235
	2	265	277	296	311
	3	330	344	363	384
Greater Brisbane	1	341	357	393	438
	2	398	414	448	479
	3	436	446	465	494
Rest of Qld	1	293	316	347	387
	2	327	341	378	416
	3	393	409	447	484
Greater Adelaide	1	289	300	317	339
	2	337	347	366	384
	3	388	402	427	447
Rest of SA	1	181	187	197	208
	2	221	231	248	263
	3	268	282	304	320
Greater Perth	1	327	341	368	402
	2	383	400	424	459
	3	429	446	474	494
Rest of WA	1	275	286	323	360
	2	294	314	345	372
	3	388	403	424	457
Greater Hobart	1	270	280	301	322
	2	349	363	383	398
	3	402	417	439	462
Rest of Tasmania	1	189	195	206	218
	2	247	258	275	289
	3	289	299	321	337
Greater Darwin	1	306	313	328	355
	2	380	390	425	447
	3	499	511	550	573
Rest of NT	1	325	335	356	369
	2	421	431	451	472
	3	507	536	565	595
Australian Capital Territory	1	420	431	449	464
	2	479	497	517	541
	3	530	545	568	594

Notes: The table shows the estimated private rent percentile for households with 1, 2 and 3 bedrooms, as at fourth quarter of 2024. Source: ABS 2021 Census and CPI. See text for details.

Table 12 shows the 25th, 30th, 40th and 50th (median) rents for the 27 family types, averaged across Sydney, Melbourne and Brisbane, and based on the number of bedrooms assigned. For the low-paid households, our base budgets use the 40th percentile rents. For the unemployed households, the 30th percentile rents are used. These are shown in bold in the table. The information in these two tables can be used to substitute alternative rent thresholds, either for other regions or at alternative percentiles of the distribution.

Starting from these chosen rent thresholds, the budgets then add an allowance for rental bond holding, and for moving costs. Rental bonds are typically four weeks rent, which are held for the

duration of the tenancy. The impact of this on family finances will vary widely depending on financing arrangements (from savings, from friends/relatives, from credit cards etc.). Here we apply a 5% per annum holding cost to this bond, which equates to an approximately 0.4% increase in rent. For the moving cost, we assume mid-range moving costs. Apportioning these over an average four-year tenure,²⁵ amounts to an extra 3 to 8 dollars per week, depending on household size.

The values chosen for overall housing costs for renters are shown in the final column of Table 12. We emphasise that these are not normative budgets but are simply points chosen on the distribution of rental prices in these major cities, which we judge would permit housing consumption not too far from community norms. The tables above allow the substitution of other housing costs if desired. For example, the rental budgets shown are substantially above median rents for income support recipients. Estimates based on Census data²⁶ indicate that the median rent for income support recipient households in two-bedroom dwellings in Sydney is around \$340 per week – much lower than the \$442 used here. However, these lower rents paid are very much constrained by the incomes available to these households.

As noted above, the rents for Fitzroy Crossing are set equal to 31.4% of the corresponding budgets for Sydney/Melbourne/Brisbane. This ratio is based on the relative median rents for non-aged income support recipients. The same ratio is used for both unemployed and low-paid households.

²⁵ ABS Housing mobility statistics report renters having a median current duration of tenure of approximately 2 years. This is doubled to estimate total tenure. <https://www.abs.gov.au/statistics/people/housing/housing-mobility-and-conditions/latest-release#lease-and-rent-arrangements>

²⁶ These are the median rents for renting households (including public renters) in Sydney, with main source of income from Pensions and Benefits and with main income support payment _not_ Age Pension. Inflating by the rent CPI for Sydney gives estimated medians of \$194, \$343 and \$401 per week for dwellings with one, two or three bedrooms respectively.

Table 12 Indicative housing costs for selected family types

Family type	Bedrooms	Syd/Melb/Bris avg				Rent + bond allowance	Moving cost	Total
		Rent percentile (\$pw) (threshold used in bold)						
		25	30	40	50			
Single adult, working full-time	1	379	396	421	456	423	3.0	426
Single parent, working full-time, 1 child	2	427	442	477	511	479	4.8	483
Single parent, working part-time, 1 child	2	427	442	477	511	479	4.8	483
Single parent, working full-time, 2 children	3	460	473	501	532	503	8.1	511
Single parent, working part-time, 2 children	3	460	473	501	532	503	8.1	511
Single-earner couple, one full-time, one NILF	2	427	442	477	511	479	4.8	483
Single-earner couple, one full-time, one NILF, 1 child	2	427	442	477	511	479	4.8	483
Single-earner couple, one full-time, one NILF, 2 children	3	460	473	501	532	503	8.1	511
Dual-earner couple, one full-time, one part-time	2	427	442	477	511	479	4.8	483
Dual-earner couple, one full-time, one part-time, 1 child	2	427	442	477	511	479	4.8	483
Dual-earner couple, one full-time, one part-time, 2 children	3	460	473	501	532	503	8.1	511
Single person, unemployed	1	379	396	421	456	397	3.0	400
Single parent, unemployed, 1 child	2	427	442	477	511	443	4.8	448
Single parent, unemployed, 2 children	3	460	473	501	532	475	8.1	483
Couple, both unemployed, no children	1	379	396	421	456	397	3.0	400
Couple, both unemployed, 1 child	2	427	442	477	511	443	4.8	448
Couple, both unemployed, 2 children	3	460	473	501	532	475	8.1	483
Share accom M (FT), F (FT)	2	427	442	477	511	479	4.8	483
Share accom M (UN), F (UN)	2	427	442	477	511	443	4.8	448

Notes: Numbers in bold denote the percentile thresholds chosen in this report.

Home purchasing

The circumstances of people purchasing their homes are even more varied than those renting. As well as depending on the purchase price of the dwelling, the current expenditures required will depend on the deposit paid when purchasing, the expected duration of the mortgage, and the current duration. Here we include some estimates of the current housing costs of home-owners, calculated on a similar basis to the rent estimates shown above. In particular, we use the same normative assumptions about the household size (number of bedrooms) as for renting households.

Table 13 shows the estimated percentages of the mortgage payment distribution in different locations, and for different sized households. Mortgage payments have been estimated from the 5%

Census sample file using a quantile regression model.²⁷ This was then inflated (by a factor of 1.6)²⁸ to take account of increases in repayments since 2021, then an additional loading to cover additional ‘owners costs’ (a factor of 1.34).²⁹ The latter include rates, repairs and maintenance, house and contents insurance and body corporate payments.

Table 14 shows the chosen costs assigned to the different family types, based on their assigned household size. In this case we have assigned 30th percentile expenditure values to all household types. Note, however, because of limitations in the data available (the data are grouped into categories), many of the quantile values fall into the same categorical values. So, in this data, the 25th percentile values are identical to the 30th percentile.

²⁷ Data access restrictions meant that the TableBuilder approach used for the rental data could not be used.

²⁸ This is derived from the increase in total mortgage payments between Quarter 3 2021 and Quarter 3 2024, deflated by the increase in the number of households over the period (RBA Table E13 and ABS population projections, Series II).

²⁹ This is based on an estimate of these expenditures to mortgage expenditure (principal and interest). (Source ABS Household Expenditure Survey, 2015-16, Table 65300DO008_201516).

Table 13 Estimated percentiles of combined mortgage repayments and 'owners costs'

Region	Bedrooms	Mortgage percentile (\$pw)			
		20	25	30	40
Greater Sydney	1	738	837	837	935
	2	837	935	935	1132
	3	935	1034	1034	1231
Rest of NSW	1	443	443	541	541
	2	541	541	640	738
	3	640	640	738	837
Greater Melbourne	1	541	640	640	640
	2	640	738	738	837
	3	738	837	837	935
Rest of Vic.	1	345	345	443	443
	2	443	443	541	640
	3	541	541	640	738
Greater Brisbane	1	541	640	640	640
	2	640	738	738	837
	3	738	837	837	935
Rest of Qld	1	345	443	443	443
	2	443	541	541	640
	3	541	640	640	738
Greater Adelaide	1	345	443	443	443
	2	443	541	541	640
	3	541	640	640	738
Rest of SA	1	246	246	246	246
	2	345	345	345	443
	3	443	443	443	541
Greater Perth	1	443	541	541	541
	2	541	640	640	738
	3	640	738	738	837
Rest of WA	1	345	443	443	443
	2	443	541	541	640
	3	541	640	640	738
Tasmania	1	246	345	345	345
	2	345	443	443	541
	3	443	541	541	640
NT	1	541	541	640	640
	2	640	640	738	837
	3	738	738	837	935
ACT	1	640	640	738	640
	2	738	738	837	837
	3	837	837	935	935

Table 14 Mortgage expenditures (including 'owners costs')

Family type	Bedrooms	Syd/Melb/Bris avg mortgage percentile (\$pw)			
		25	30	40	50
Single adult, working full-time	1	706	706	738	837
Single parent, working full-time, 1 child	2	804	804	935	1034
Single parent, working part-time, 1 child	2	804	804	935	1034
Single parent, working full-time, 2 children	3	902	902	1034	1132
Single parent, working part-time, 2 children	3	902	902	1034	1132
Single-earner couple, one full-time, one NILF	2	804	804	935	1034
Single-earner couple, one full-time, one NILF, 1 child	2	804	804	935	1034
Single-earner couple, one full-time, one NILF, 2 children	3	902	902	1034	1132
Dual-earner couple, one full-time, one part-time	2	804	804	935	1034
Dual-earner couple, one full-time, one part-time, 1 child	2	804	804	935	1034
Dual-earner couple, one full-time, one part-time, 2 children	3	902	902	1034	1132
Single person, unemployed	1	706	706	738	837
Single parent, unemployed, 1 child	2	804	804	935	1034
Single parent, unemployed, 2 children	3	902	902	1034	1132
Couple, both unemployed, no children	1	706	706	738	837
Couple, both unemployed, 1 child	2	804	804	935	1034
Couple, both unemployed, 2 children	3	902	902	1034	1132
Share accom M (FT), F (FT)	2	804	804	935	1034
Share accom M (UN), F (UN)	2	804	804	935	1034

3.10 Discretionary expenditures

General assumptions

Holiday assumptions

- Low-paid (but not unemployed) households are allocated an overseas holiday once every two years and a higher cost domestic holiday to Forster (hotel instead of cabin).
- Unemployed (but not low-paid) households are allocated the cost of accommodation to a caravan park in Forster (6 nights and 7 days). This is the budgeted accommodation cost for low-paid households in the Recreation budget.
- All household members are allocated 3 meals per day during the holiday.

- Households with children travel during the school holidays while households without children travel outside of school holidays.
- Travel to the domestic holiday location would be by car (for low-paid households) and by train (for unemployed households without children).

Demographic variations

- Employed adults are allocated a lunch meal while at work once per week.
- Employed households are assigned a low-cost gym membership.
- Employed households are assigned low-cost private health insurance.
- Gambling expenditures/losses are allocated to low-paid households based on an average per capita spend and unemployed households are assigned half those losses.

Other assumptions

- Households are assigned 2 x \$30 gift cards per child per year.
- Households are allocated a weekend meal out once per quarter.
- Households are allocated \$500 cashflow per person per year allocated for any emergency expenditures.
- Alcohol consumption is based on the healthy maximum guideline of 10 standard drinks per week, weighted by the fraction of people who have consumed alcohol in the last year.
- Tobacco consumption is based on the average consumption across the population for people aged 15 years and over who smoke on a daily basis.

Note: The same assumptions apply for the remote discretionary budget.

The *2022 Low-Paid Budgets* included a supplementary discretionary budget for a wider range of non-essential but common expenditures that Australian families ‘typically’ consume, and which allow for fuller participation in society. The inclusion of many of these items were validated from focus group discussions. Discretionary items included tobacco, alcohol and gambling costs, a small allowance for workers eating lunch out once per week, a weekend meal outside the house once per quarter and a minimal budget for overseas travel to visit and stay with family (cost limited to flight tickets only) every second year. Costs remained the same regardless of the gender of the adult with accommodations made for child-related costs.

In this study and consistent with the *2024 Child Support Budgets*, the range of items was extended to include other items as outcomes from the 2022 focus group findings but were not included in those budgets. These include private health insurance, gym membership and a higher cost domestic holiday allocation for low paid households. Unemployed households are allocated the accommodation costs in the lower cost domestic holiday that was budgeted for low-paid households in the Recreation budget, but they are not allocated any overseas travel or cost for “eating out lunch at work”. Unlike previous budgets that assume general gifts are given reciprocally, this budget includes a \$30 gift card for children’s birthday parties twice a year per child in the household as a necessary condition of socialising. Every member of the household is also allocated \$500 per year as savings for use in emergencies and unanticipated costs.

Table 15 shows a summary of the budget for single full-time employed and unemployed households, and employed couples. There are 19 items on average between females and males, and 11 items relating to the presence of children in the household. Unemployed households are allocated half the expenditure for low-paid households.³⁰ The exclusion of several items means that the budgets for unemployed single adults are substantially lower at more than half that of employed single adults, while the budgets for unemployed single parents increase by 50% with the presence of children.

Table 15 Discretionary budgets for single person and single mother households (\$pw)

Areas	Examples	N items (av M/F)	N items (av G/B)	Single FT employed		Single Unemployed		Unemployed households		Couples	
				F	M	F	M	Single mother 1 child	Single mother 2 children	Single earner 2 children	Dual earner 2 children
Alcohol incl. in Food Budget	Wine/Beer	1	1	-\$0.5	-\$6.2	-\$0.5	-\$6.2	-\$0.5	-\$0.5	-\$6.7	-\$6.7
Domestic holiday accomodation from Recreation Budget	Cabin	1	1	-\$24.4	-\$24.4	\$0.0	\$0.0	\$0.0	\$0.0	-\$36.7	-\$36.7
Alcohol (healthy guidelines)	Beer, Wine, Spirits, Cider	4	4	\$16.8	\$16.8	\$16.8	\$16.8	\$16.8	\$16.8	\$33.6	\$33.6
Tobacco (avg. population)	Cigarettes	1	1	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$3.6	\$3.6
Gambling	Racing, Gaming and Sports Betting	1	1	\$28.7	\$28.7	\$14.4	\$14.4	\$14.4	\$14.4	\$57.4	\$57.4
Eating out lunch at work	Café	1	0	\$19.7	\$19.7	\$0.0	\$0.0	\$0.0	\$0.0	\$19.7	\$29.5
Eating out weekend meal	Restaurant	1	1	\$8.2	\$8.2	\$8.2	\$8.2	\$3.8	\$5.0	\$7.6	\$7.6
Overseas Travel	Airfare, incidental transport	2	0	\$22.1	\$22.1	\$0.0	\$0.0	\$0.0	\$0.0	\$66.3	\$66.3
Health insurance	Singles, Couples, Families, or Single parents	1	0	\$28.2	\$28.2	\$0.0	\$0.0	\$0.0	\$0.0	\$103.2	\$103.2
Domestic holiday accommodation (higher cost)	Hotel	1	0	\$31.9	\$31.9	\$22.6	\$22.6	\$34.0	\$34.0	\$50.6	\$50.6
Gym membership		1	0	\$23.3	\$23.3	\$0.0	\$0.0	\$0.0	\$0.0	\$46.5	\$46.5
Children's birthday parties	Gift cards	0	1	\$0.0	\$0.0	\$0.0	\$0.0	\$1.2	\$2.3	\$2.3	\$2.3
Emergency expenditures	Cashflow	1	1	\$9.7	\$9.7	\$9.7	\$9.7	\$19.4	\$29.1	\$38.8	\$38.8
Total		16	11	\$165.5	\$159.7	\$73.0	\$67.2	\$90.8	\$102.9	\$386.2	\$396.0

³⁰ Average gambling expenditures are similar across all income quintiles other than the lowest, where they are around half the value of higher quintiles (ABS Household Expenditure Survey, 2015-16, Table 3.3A). Hence, per capita expenditures are applied for the low-paid households and half this value is allocated to unemployed households (Table E in Australian Gambling Statistics, 39th edition, 1997-98 to 2022-23, Summary Tables 2021-22).

4. Estimates for 2024

4.1 Updated budget standard estimates

Table 16 presents the budget estimates for single person households by budget area, disaggregated by gender and labour market status. Table 17 presents the budget estimates for single parent households and Table 19 for couple headed households. In Table 16, we also present the average for female and male households, as well as the difference between the budgets for those working full-time and those unemployed. All estimates are for Quarter 4 2024.

We present five different budget **totals**, reflecting the fact that the discretionary budgets are more arbitrary than the other budgets, with a weaker normative justification, and that the housing budgets are derived by choosing different points on the distribution of housing costs (renting or purchasing), rather than by forming a normative judgement of where and in what quality dwelling people should live. The first ‘core’ total excludes both of these measures, and could be used, for example, to compare with after-housing incomes. The second (core + renting) and third (core + purchasing) exclude discretionary expenditures, and the fourth (core + renting + discretionary) and fifth (core + purchasing + discretionary) include all 10 budget components (but for alternative housing budgets).

In Table 16, the total core + renting budgets for unemployed **single adults** (are on average \$173 per week (about 21%) less than those for low-paid employed adults. The main source of difference is the exclusion of items for unemployed households in the recreation, household goods and services, transport and housing budgets. The recreation budget for employed adults is 2.5 times higher than for unemployed single adults (because the cost of accommodation for the low-cost domestic holiday, which is included in the standard budget for the low-paid households and as a supplementary item in the discretionary budget for unemployed households). Unemployed households are not assigned home contents insurance, so the household goods and services budgets are \$19 per week less. The large difference of \$89 per week in the transport budget is primarily due to car expenditures, on the assumption that unemployed single adults rely on public transport. The assignment of rents at the 30th percentile of the rental distribution (for Sydney/Melbourne/Brisbane) for unemployed adults and 40th for employed adults implies a budget for the former which is \$25 per week less than the latter.

There are also minimal differences in estimates by **gender** for both employed and unemployed households. The lower food budgets for females (about 20% less) are balanced by much higher budgets for personal care (twice as large) and clothing and footwear (about one-fifth more) compared to males.

Similarly, the budget areas that account for the largest **share of the total** non-discretionary household budget are the same for all single adult households irrespective of gender, although they differ by employment status. For low-paid households (single, no children), the largest proportionate spend is on housing (around 43% for renters, 56% for purchasers), followed by transport, household goods and services and food. In contrast, housing accounts for close to 55% of the total non-discretionary household budget for renting unemployed adults, and 68% for purchasing unemployed.

Table 16 Budgets for single adults by budget area (\$pw)

	Single female FT	Single male FT	Single FT (avg F/M)	Single female UN	Single male UN	Single UN (avg F/M)	UN minus FT (avg F/M)	Share accom M (FT), F (FT)	Share accom M (UN), F (UN)
Core									
Food	82	98	90	78	93	86	-5	180	171
Personal Care	27	13	20	19	11	15	-5	40	29
Clothing & Footwear	15	12	13	8	7	8	-5	27	16
Recreation	40	40	40	16	16	16	-25	52	27
Household Goods & Services	111	111	111	92	92	92	-19	222	191
Health	13	12	12	13	12	12	0	25	25
Transport	118	116	117	28	28	28	-89	234	56
Education	0	0	0	0	0	0	0	0	0
Housing									
Renting	426	426	426	400	400	400	-25	483	448
Purchasing	706	706	706	706	706	706	0	804	804
Discretionary									
	165	160	163	73	67	70	-92	325	140
Totals									
Core	406	403	404	254	259	257	-147	779	515
Core + renting	831	828	830	655	659	657	-173	1,262	963
Core + purchasing	1,111	1,108	1,110	960	965	962	-147	1,583	1,319
Core + renting + discretionary	997	988	992	727	726	727	-265	1,588	1,103
Core + purchasing + discretionary	1,277	1,268	1,272	1,033	1,032	1,032	-240	1,908	1,459

In Table 17, the range of total household budget estimates for (renting) **single parent** households is reasonably narrow, ranging from \$1,045 for unemployed single fathers with 1 child to \$1,566 for single mothers working full-time with 2 children; an overall ratio of 1.5 to one. On average, the total household budgets for renting unemployed single parents are around 20% less than those for low-paid employed single parents. Note that the **transport** budgets do not vary much across labour market status, as a car is assigned to all unemployed families with children, so they have the same transport budgets as low-paid households.

The higher budgets for single parents working full-time versus part-time stem predominantly from the increased use of **childcare** for full-time working parents – \$19 per week more for families with 1 child and nearly \$40 per week for 2 children for total education costs. The gap would increase if the work pattern of the part-time parent was altered to eliminate within school term childcare costs (for example, working 19 hours across 4 to 5 days, instead of a 9am-5pm work day), although some of this cost would be offset by an increase in holiday care costs (additional days required) and other work-related costs.

Table 18 compares the budgets of single parents with those of single adults, describing the additional costs associated with having children in the household. The areas with substantial additional costs include food, recreation, transport in unemployed families (because single unemployed adults don't have a car, while this is deemed necessary for all families with children) and naturally, education.

The right-hand side of the table shows the ratios of budgets in the different areas. For the core + renting + discretionary budget, for example, the **cost for one child** is 44% of the single adult when

unemployed, and 33% when employed (the transport costs drive this difference). For two children, the costs are somewhat less than double these (70% and 57%). These ratios can be compared with commonly used equivalence scales used in poverty research shown in the bottom panel. These ratios are in-between the ‘old’ and ‘modified’ OECD scales.

Table 17 Budgets for single parent households by budget area (\$pw)

	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
Core												
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
Housing												
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
Totals												
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

Table 18 Lone parents, difference from singles (male/female averages)

	Difference from single adult				Ratio with single adult			
	One child		Two children		One child		Two children	
	FT	UN	FT	UN	FT	UN	FT	UN
Core								
Food	41	39	99	94	1.45	1.45	2.10	2.10
Personal Care	7	7	14	14	1.35	1.47	1.69	1.93
Clothing & Footwear	10	6	20	13	1.72	1.80	2.49	2.63
Recreation	32	19	50	35	1.80	2.21	2.25	3.23
Household Goods & Services	20	24	32	35	1.18	1.26	1.29	1.38
Health	13	13	26	26	2.04	2.04	3.09	3.09
Transport	31	118	32	119	1.26	5.23	1.27	5.25
Education	66	27	140	62	n/a	n/a	n/a	n/a
Housing								
Renting	58	48	85	83	1.14	1.12	1.20	1.21
Purchasing	98	98	197	197	1.14	1.14	1.28	1.28
Discretionary	46	18	71	30	1.29	1.25	1.44	1.43
Totals								
Core	220	253	413	397	1.54	1.99	2.02	2.55
Core + renting	278	301	498	481	1.33	1.46	1.60	1.73
Core + purchasing	318	352	610	594	1.29	1.37	1.55	1.62
Core + renting + discretionary	324	319	569	511	1.33	1.44	1.57	1.70
Core + purchasing + discretionary	365	370	681	624	1.29	1.36	1.54	1.60
<i>Per capita</i>					2.00		3.00	
<i>Square root</i>					1.41		1.73	
<i>Old OECD</i>					1.50		2.00	
<i>Modified OECD</i>					1.30		1.60	

The budget standard estimates for couples vary considerably with the **labour market status of couples** (Table 19). The total non-discretionary budgets of single earner couples range between \$20 to \$60 per week less than for dual earner couples, the difference increasing with the number of children. Moreover, unemployed couples without children have a (core + renting) budget around \$290 per week (or around 25%) less than single earner or dual earner couples, with this difference driven by the assumption of car ownership and housing costs. The proportional difference decreases with the additional presence of each child, as dwelling size and car/transport assumptions are aligned for unemployed and low-paid households. Hence, compared to single earner couples, budgets are 12% lower for unemployed couples with 1 child and 9% lower for those with 2 children.

Table 20 compares the budgets for couples with **children to those of couples with no children**. The top part of the table shows the difference between the two, and the bottom two panels, ratios. Food, transport, education and housing are large components of the additional costs. Note, however, that employed couples and couples with one child are assumed to require the same dwelling size – and so housing costs do not increase.

The bottom panels show the **ratios** of the couples with and without children. For the core + renting + discretionary budget, for example, the cost of one child ranges from 14% to 36% of the couple-only budget, and the cost of two children from 28% to 56%. The higher costs in both cases are for the unemployed households.

Table 19 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)	Unem- ployed (UN, UN)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unem- ployed (UN, UN)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unem- ployed (UN, UN)
Core									
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
Housing									
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
Totals									
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

Table 20 Budgets for couples with children compared to couples with none (differences and ratios)

	Couple with one child			Couple with two children		
	Single earner (FT, NILF)	Dual earner (FT, PT)	Unem- ployed (UN, UN)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unem- ployed (UN, UN)
Core						
Food	41	41	39	99	99	94
Personal Care	7	7	7	14	14	14
Clothing & Footwear	10	10	6	20	20	13
Recreation	34	34	20	52	52	36
Household Goods & Services	25	21	22	34	30	31
Health	13	13	13	26	26	26
Transport	34	34	142	35	35	142
Education	26	48	27	59	104	62
Housing						
Renting	0	0	48	27	27	83
Purchasing	0	0	98	98	98	197
Discretionary	20	20	20	45	45	32
Totals						
Core	188	207	277	338	379	418
Core + renting	188	207	324	365	407	501
Core + purchasing	188	207	375	436	478	615
Core + renting + discretionary	208	227	345	411	452	534
Core + purchasing + discretionary	208	227	395	482	523	648
Totals - ratios						
Core	1.30	1.32	1.63	1.53	1.58	1.95
Core + renting	1.17	1.18	1.39	1.33	1.36	1.60
Core + purchasing	1.13	1.14	1.33	1.30	1.33	1.54
Core + renting + discretionary	1.14	1.15	1.36	1.28	1.30	1.56
Core + purchasing + discretionary	1.12	1.13	1.32	1.27	1.29	1.52
<i>Per capita</i>		1.50			2.00	
<i>Square root</i>		1.22			1.41	
<i>Old OECD</i>		1.29			1.59	
<i>Modifed OECD</i>		1.20			1.40	

4.2 Budget estimates for remote locations

The budgets for Fitzroy Crossing are shown in Table 21, Table 22 and Table 23 below. The format of these tables mirrors those in the previous section. Broadly the patterns are the same as for the urban-based estimates, except for transport which constitutes a much higher share of the overall budgets and rents which constitute a much lower share.

Table 21 Budgets for single adults by budget area (\$pw) – Fitzroy Crossing

	Single female FT	Single male FT	Single FT (avg F/M)	Single female UN	Single male UN	Single UN (avg F/M)	UN minus FT (avg F/M)	Share accom M (FT), F (FT)	Share accom M (UN), F (UN)
Core									
Food	104	124	114	98	118	108	-6	228	216
Personal Care	29	14	22	21	11	16	-6	43	32
Clothing & Footwear	16	13	14	9	8	9	-6	29	17
Recreation	43	43	43	17	17	17	-26	56	29
Household Goods & Services	129	129	129	107	107	107	-22	259	222
Health	14	13	13	14	13	13	0	26	26
Transport	170	170	170	170	170	170	0	339	339
Education	0	0	0	0	0	0	0	0	0
Housing									
Renting	133	133	133	125	125	125	-8	152	140
Purchasing	na	na	na	na	na	na	na	na	na
Discretionary	184	177	180	81	75	78	-103	361	156
Totals									
Core	505	506	505	436	444	440	-65	979	882
Core + renting	638	639	639	561	569	565	-73	1,131	1,022
Core + renting + discretionary	822	817	819	642	644	643	-176	1,491	1,178

Table 22 Budgets for single parent households by budget area (\$pw) – Fitzroy Crossing

	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
Core												
Food	155	155	147	176	176	167	229	229	217	249	249	237
Personal Care	36	35	28	22	22	19	44	42	35	29	29	26
Clothing & Footwear	27	27	16	23	23	15	38	38	23	34	34	22
Recreation	78	78	37	78	78	37	97	97	54	97	97	54
Household Goods & Services	153	153	135	153	153	135	166	166	148	166	166	148
Health	28	28	28	27	27	27	42	42	42	40	40	40
Transport	261	261	261	261	261	261	261	261	261	261	261	261
Education	71	50	29	71	50	29	150	108	66	150	108	66
Housing												
Renting	152	152	140	152	152	140	160	160	152	160	160	152
Purchasing	na	na	na	na	na	na	na	na	na	na	na	na
Discretionary	235	224	101	229	218	94	263	252	114	256	245	108
Totals												
Core	808	786	682	810	789	690	1,026	983	847	1,028	986	855
Core + renting	960	937	822	961	940	830	1,186	1,143	999	1,188	1,146	1,007
Core + renting + discretionary	1,195	1,162	923	1,190	1,158	925	1,449	1,395	1,113	1,444	1,391	1,115

Table 23 Budgets for couple headed households by budget area (\$pw) – Fitzroy Crossing

	Couple			Couple with one child			Couple with two children		
	Single earner (FT, NILF)	Dual earner (FT, PT)	Unem- ployed (UN, UN)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unem- ployed (UN, UN)	Single earner (FT, NILF)	Dual earner (FT, PT)	Unem- ployed (UN, UN)
Core									
Food	228	228	216	279	279	265	353	353	335
Personal Care	33	41	32	41	49	39	48	56	46
Clothing & Footwear	22	29	17	32	39	24	44	50	31
Recreation	55	56	29	91	91	51	111	111	68
Household Goods & Services	150	157	134	179	182	160	189	192	170
Health	26	26	26	40	40	40	54	54	54
Transport	245	245	246	345	345	345	345	345	345
Education	0	0	0	28	52	29	63	111	66
Housing									
Renting	152	152	125	152	152	140	160	160	152
Purchasing	na	na	na	na	na	na	na	na	na
Discretionary	378	389	121	400	411	144	429	439	157
Totals									
Core	760	782	700	1,036	1,077	953	1,207	1,273	1,116
Core + renting	911	933	826	1,187	1,229	1,094	1,367	1,433	1,268
Core + renting + discretionary	1,290	1,323	947	1,588	1,640	1,238	1,796	1,872	1,425

These differences are shown in more detail in Table 24 which compares the remote budgets to the urban budgets for 14 specific family types. This table shows each component of the remote budget, minus the corresponding budget component for urban households. The final panel of the table shows the ratio between the various totals for the two locations.

In dollar terms, the largest difference between the two budgets is for rents, transport and food (then household goods and services and discretionary). Food budgets are both a large share of the budget, and also an area where average prices are much higher in regional areas (26% higher, see Section 2.3). Household goods and services and discretionary expenditures are also higher because of higher prices.

Transport budgets, however, are the main contributors to increased costs. Even though remote families do not have any public transport costs, they drive much further and face higher fuel costs. Note that the increases in budget for the unemployed singles and couples are particularly large, because the urban budgets assume that they do not have a car, but this is needed in the remote location. Similarly, the sharing unemployed, who are assumed to require two vehicles, have substantially higher transport budgets than unemployed couples.

Offsetting these cost increases are decreases in costs associated with lower rents. As discussed in Section 2.3, urban rents at the 30th and 40th percentiles of the private rental distribution have been deflated by the ratios of rents in income support households in Fitzroy Crossing. This means that the total budgets including rents are lower in Fitzroy Crossing than in Sydney/Melbourne/Brisbane.

In interpreting these results, it is important to note that the renting budgets in both locations are substantially above the rents actually paid by unemployed households, in particular. Instead, they represent an estimate of a housing budget that would enable consumption sufficiently near to community norms. However, no direct assessment of housing quality has been undertaken, either in the urban or remote locations. This is particularly important for remote locations, where it possible that dwelling quality might be of a lower quality than in urban areas.

Given the limitations of the housing components of the budgets, our preferred approach for analysis of income adequacy is to consider these results in a similar fashion to after-housing poverty measures. That is, to consider the core budgets (or core plus discretionary) as an indicator of need for non-housing goods and services, and to compare these with incomes minus actual housing costs for people in particular circumstances.

Table 24 Difference between remote and urban budgets: Selected households (\$pw)

	Single female		Single female		Share accom		Share accom		Single mother with one child		Single mother with two children		Single earner couple		Single earner couple with one child		Single earner couple with two children	
	FT	UN	FT	UN	FT	UN	FT	UN	FT	UN	FT	UN	FT	UN	FT	UN	FT	UN
			FT	UN									NILF	UN	NILF	UN	NILF	UN
Core																		
Food	22	21	47	45	32	31	48	45	47	45	58	55	74	70				
Personal Care	2	1	3	2	2	2	3	2	2	2	3	3	3	3				
Clothing & Footwear	1	1	2	1	2	1	3	2	2	1	3	2	4	3				
Recreation	3	1	4	2	5	3	7	4	4	2	6	3	8	5				
Household G&S	18	15	36	31	22	19	23	21	21	19	25	22	27	24				
Health	1	1	2	2	2	2	3	3	2	2	3	3	4	4				
Transport	52	142	105	283	112	114	111	114	49	190	115	147	113	146				
Education	0	0	0	0	5	2	10	4	0	0	2	2	4	4				
Renting	-292	-275	-332	-307	-332	-307	-350	-332	-332	-275	-332	-307	-350	-332				
Discretionary	18	8	36	15	23	10	26	11	37	12	40	14	42	16				
Totals																		
Core	99	181	200	367	183	173	208	195	127	261	214	237	236	258				
Core + renting	-193	-93	-132	59	-149	-134	-143	-137	-205	-14	-118	-70	-115	-73				
Core + renting + discretionary	-175	-85	-96	75	-126	-124	-117	-126	-168	-2	-78	-56	-72	-58				
Ratios of Totals																		
Core	1.24	1.71	1.26	1.71	1.29	1.34	1.25	1.30	1.20	1.59	1.26	1.33	1.24	1.30				
Core + renting	0.77	0.86	0.90	1.06	0.87	0.86	0.89	0.88	0.82	0.98	0.91	0.94	0.92	0.95				
Core + renting + discretionary	0.82	0.88	0.94	1.07	0.90	0.88	0.93	0.90	0.88	1.00	0.95	0.96	0.96	0.96				

4.3 Comparing the 2024 budgets to existing minimum wage / income support payment disposable incomes

Table 25 compares the 2024 budgets with the disposable incomes of minimum wage earners in different family circumstances. These calculations take into account taxes and income transfers received, based on the assumptions listed in the note to the table. Note that these calculations also

assume that for couple households without children where the second earner is not working, they are eligible for JobSeeker Allowance (second earners with children are eligible for Parenting Payment Partnered).

The last column of the table shows these disposable incomes relative to the budgets including allowances for housing costs and the (limited) discretionary expenditures included above. In all but one case, the disposable income when receiving a minimum wage is lower than the total overall budgets including renting and discretionary expenditures. Single earner couples have the lowest disposable incomes relative to their budgets, ranging from 77% to 80%. Single parents and dual earner couples without children have the highest relative wages – between 91% and 100% of their budgets. While dual earner couples with children are mid-range between 84% and 87%.

Table 25 Disposable income when receiving minimum wage, compared to budgets

	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 as 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.

Table 26 shows the same information for unemployed households. Disposable incomes are a lower share of the total overall budgets including renting and discretionary expenditures for all family types – between 69% and 86 % for the budgets including renting and discretionary expenditure.

Table 26 Disposable income when receiving income support (only), compared to budgets

	Disposable income when receiving JobSeeker/Parenting Payment Single (Dec 2024)	Core	Budget Renting	Discretionary	Income Support as % of budget	
					Including renting	Including renting & discretionary
Single adult, unemployed (JSP)	\$499	\$257	\$400	\$70	76%	69%
Single parent, unemployed, 1 child (PPS)	\$899	\$510	\$448	\$88	94%	86%
Single parent, unemployed 2 children (PPS)	\$1,028	\$654	\$483	\$100	90%	83%
Couple, unemployed, no children (JSP)	\$820	\$439	\$400	\$109	98%	86%
Couple, unemployed, 1 child (JSP & PPP)	\$1,002	\$716	\$448	\$130	86%	77%
Couple, unemployed, 2 children (JSP & PPP)	\$1,131	\$858	\$483	\$142	84%	76%

5. Conclusions

This report extends the previous recent work on Budget Standards in three significant ways. It includes estimates for people living in shared accommodation, includes estimates of budgets for people purchasing their home, and also includes budgets for an example remote area in Australia (Fitzroy Crossing).

In seeking to answer the question of ‘how much is enough?’, it is inevitable that many judgements must be made. In earlier stages of this research (the *2022 Low Paid Budgets*), these judgements have been informed by focus group discussions with low and middle-income Australian households. However, normative judgements made by the researchers are inevitably an important feature of the budget construction process. In presenting these, we have been as transparent as possible about the judgements made.

Because the budgets have been normatively defined and intended to represent a defensible minimum standard, they do not necessarily reflect actual expenditure patterns. Instead, they should be seen as representing a minimal level of expenditure that can support a healthy lifestyle, including an acceptable level of social participation.

We also include a discretionary items budget which includes limited additional expenditures which are not included in the core budgets (alcohol, tobacco, gambling, health insurance, eating out and travel). However, these should not be considered as incorporating all such discretionary items that might be typically consumed by low-income or unemployed households. While the inclusion of many of these items were validated in focus groups from the *2022 Low Paid Budgets*, they are nevertheless arbitrarily chosen, however, they can also be treated as proxies for additional expenditures in other discretionary areas.

In drawing up household budgets, it is necessary to be very specific about the characteristics of the household members. This means that the budgets cannot be seen as representing ‘average’ Australian households. In addition to the household composition and employment characteristics used to define the household types, it is particularly important to note that the household members are assumed to be in good health and living in a major urban area – suburban Sydney if not otherwise specified. However, where possible, the pricing of the budgets has been undertaken using nationally available pricing sources, thereby broadening their applicability and national relevance.

One important consumption good that is not included in the core budgets, however, is housing. In line with previous Australian budget standards studies, we consider there to be too much variation in housing circumstances to permit a defensible budget construction. We do however, construct some budgets that include indicative housing costs, based on the 30th and 40th percentile of Sydney/Melbourne/Brisbane rents for dwellings with different numbers of bedrooms (and for mortgage payments, at the 30th percentile). Nonetheless, when comparing these budgets with actual incomes of different population groups, our preferred approach is that users compare the budgets excluding housing costs with ‘after-housing’ incomes (income minus housing costs).

This is particularly relevant when comparing the budgets for Fitzroy Crossing with the urban budgets. The core budgets in Fitzroy Crossing are between 28% and 78% higher than in Sydney/Melbourne/Brisbane. Housing costs however, are much lower, leading to lower budgets overall in Fitzroy Crossing. These budgets that include housing should be used with caution. Because housing budgets in the urban areas are substantially above what income support recipients actually pay, the proportionately lower rents assumed in Fitzroy Crossing have a larger impact on the budget. If the core budgets were to be compared against incomes minus housing costs (our preferred approach), the difference between Fitzroy Crossing and urban areas would be much smaller (and possibly reversed). A comprehensive budget standards study for remote areas should incorporate a full assessment of housing quality – an exercise that was beyond the scope of this project.

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APPENDIX 6

LITERATURE REVIEW ON BUDGET STANDARDS BY THE UNIVERSITY OF NEW SOUTH WALES



Literature Review on Budget Standards

Final Report

13 December 2024

Prepared for:

Economic Inclusion Advisory Committee (EIAC),
Department of Social Services (DSS)

Prepared by:

Ciara Smyth and Yuvisthi Naidoo

Acknowledgement of country

We value the cultures, knowledge and practices of Aboriginal and Torres Strait Islander Peoples and how this contributes to quality research. We are committed to not perpetuating harms that have been caused by research on and about First Nations Peoples. We embrace and honour Indigenous knowledges and continue to learn from First Nations Peoples where we work.

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Social Policy Research Centre

The Social Policy Research Centre is based in the Faculty of Arts, Design and Architecture at UNSW Sydney. The Social Policy Research Centre makes a positive impact through independent and leading research that tackles critical social issues. For more information see <https://www.unsw.edu.au/research/sprc>.

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Glossary

ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Service
AIFS	Australian Institute of Family Studies
BS	Budget Standards
CPI	Consumer Price Index
CRSP	Centre for Research in Social Policy
EIAC	Economic Inclusion Advisory Committee
ESDC	Ministry of Employment and Social Development Canada
EU	European Union
FBU	Family Budget Unit
FWC	Fair Work Commission
DSS	Department of Social Services
HES	Household Expenditure Survey
MBM	Market Basket Measure
MESL	Minimum Essential Standard of Living
MIHL	Minimum Income for Healthy Living
MIS	Minimum Income Standard
RB	Reference Budget
SPRC	Social Policy Research Centre
UK	United Kingdom
UNSW	University of New South Wales

1. Introduction

Budget standards indicate how much income is needed for a particular household in a particular place at a particular time to achieve a particular standard of living. Over the last three decades, a significant body of research has emerged primarily from Australia and the UK on developing budget standards. Different countries use different terminology to describe very similar undertakings, with the term ‘budget standards’ used in Australia, ‘minimum income standards’ in the UK, ‘minimum essential standard of living’ in Ireland and ‘reference budgets’ in the European Union. When referring to the body of work in general, the term ‘budget standards’ is used unless referring to a country-specific body of work that uses a different term. While the UK has been at the forefront of budget standards research, many other countries have developed budget standards, including Canada, Ireland, New Zealand, Mexico, Japan, China, Korea, South Africa, Singapore and across Europe (France, Spain, Norway, Sweden, Denmark, Finland) (Saunders and Bedford, 2018; Deeming, 2020).

The Economic Inclusion Advisory Committee (EIAC), Department of Social Services, engaged a research team from the Social Policy Research Centre, UNSW Sydney, to develop an updated budget standard estimates analysis on items, quantities, lifetimes and prices to reflect changes in community norms and average living standards. A review of the national and international literature on budget standards was undertaken to inform the development of the revised budget standards. This report presents the review findings. Given the project’s tight timeframe, the literature review was conducted as a rapid evidence assessment as it offers a compromise between the rigor of a systematic review and the provision of evidence to inform policy in a timely manner (Thomas et al., 2013). Consequently, this review is not exhaustive, but rather aims to highlight key developments in and applications of budgets standards in Australia and internationally. It is structured as follows:

- How are budget standards developed?
- What are budget standards used for?
- Strengths and weaknesses of budget standards.
- Discussion.

2. How are budget standards developed?

Developing budget standards is a complex, time-intensive undertaking. It involves identifying household needs, translating these needs into commodities (a typical basket of goods and services), pricing them and summing the costs to produce an overall budget. The scope, quality, quantity and lifetimes of items included in the basket reflect a particular standard of living and each of these variables can be adjusted to the circumstances of different households. Developing budget standards involves normative judgements and assumptions about levels of consumption and participation. This section summarises the development of budget standards research in Australia, the United Kingdom, Ireland, the European Union, Canada and the USA.

2.1 Australia

The concept of budget standards was first applied in Australia over a century ago to set the basic wage in the 1907 'Harvester judgement' (Saunders & Bedford, 2017; Lack & Fahey, 2008). A living or family wage was set at a 'fair and reasonable amount' to accommodate the basic needs of an unskilled average (male) labourer and his family (a wife and three children) with costs for food, shelter, clothing and other essentials. The judgement established a precedent for considering living standards in setting minimum wage policies in Australia, for assessing the adequacy of social security payments (Fair Work Commission, no date), and as an input into the calculation of the basic wage which formed the basis for the Henderson Poverty line established in 1973. The Henderson Poverty line is an estimate of the minimum household disposable income needed to support the basic needs of a family of two adults (Melbourne Institute, 2024).

2.1.1 The first budget standards

In the mid-1990s, the budget standards approach was revived by the Department of Social Security following a study 'into the development of benchmarks of adequacy for DSS payments' (DSS, 1995: 1). DSS considered a range of methodologies and opted for the development of budget standards with Peter Saunders and colleagues at the Social Policy Research Centre (SPRC), UNSW Sydney commissioned to undertake the study (Saunders, 2006). The final 600-page report outlines in detail the assumptions underlying the development of the budget standards in the interests of transparency (Saunders et al., 1998). The budget standards were developed between 1995-1998 and at two different levels – a 'modest but adequate' and a 'low cost' budget. The 'modest but adequate' standard was defined as:

one which affords full opportunity to participate in contemporary Australian society and the basic options it offers. It lies between the standards of survival and decency and approximates the median (or broadly representative) standard of living in the community. (1998: 63)

The 'low cost' standard was defined as representing a living standard that may:

require frugal and careful management of resources but would still allow social and economic participation consistent with community standards. (1998: 63)

Developing these budgets was a substantial undertaking that began with the standards developed by the Family Budget Unit (FBU) at the University of York in England (based on standards developed in Canada and Sweden) which were modified for the Australian context. These modifications were informed by three key types of evidence:

- **Expert (normative) evidence:** A steering committee group comprising experts in the fields of nutrition, housing, clothing needs, family formation, financial counselling and living standards, alongside representatives of community organisations and statistics agencies.
- **Behavioural (survey) evidence:** Analysis of the 1993-94 Household Expenditure Survey to identify household spending patterns.

- **Experiential (focus group) evidence:** Focus group discussions with ‘individuals belonging to households with similar characteristics to those of the budget standards they were asked to comment on’ (1998: iv). They were invited to provide feedback on which items should be included in the budgets, how households make purchasing decisions and to suggest revisions to the preliminary costed budgets.

Budget standards were developed using the household as the basis for the unit of analysis, and consequently constructed around 12 of the most common household types: single person households (above and below pension age); couple only households (above and below pension age); couples with one child (of three different ages); couples with two, three and four children; and single parent households with one and two children. In addition to household size and composition, there were variations in housing tenure and labour force status, resulting in budget standards developed for 46 different household types. Individuals within households were assigned specific ages per their gender (females aged 35 and 70, males aged 40 and 70, girls aged three and six and boys aged 10 and 14). The budget standards were developed for households based in Sydney.

Each budget standard comprised **nine component budgets** covering costs of: housing, energy, food, clothing and footwear, household goods and services, health, transport, leisure, and personal care. Depending on the specifications required within each budget, budgets were costed at the individual level and then costed at the household level.

The following methods were used in the *foundational* development of each budget component:

- **Housing** costs were based on market rents in chosen areas, differentiating between ‘modest but adequate’ and ‘low cost’, as well as between private and public tenants, and according to normative standards of housing quality and occupancy standards.
- **Energy** costs were based around first developing a behavioural model of energy usage and then estimating its parameters from available survey data.
- **Food** costs were based on dietary profiles developed for each individual in each household accounting for their age and gender. National food survey data was used to determine foods typically consumed by Australian families and adapted to fit within healthy eating guidelines.
- **Clothing and footwear** budgets were informed by survey findings and developed to meet both basic needs (warmth, comfort and protection) and to facilitate labour market and social participation. Items were identified based on normative assumptions required for an Australian climate. Estimating the lifetimes of clothing was guided by UK research.
- **Household goods and services** was one of the more complex budget components to construct as it included over 400 separate items (ranging from indoor to outdoor furniture, whitegoods, electrical appliances, sheets, blinds, curtains, cookware and kitchenware, school fees and charges) without any clear data on ownership rates or expenditure amounts. The process was informed by retailers’ price lists and catalogues and Australian Consumer Association recommendations.
- **Health** costs were based on estimating the cost of meeting a representative range of health care needs for people who are *generally in good health* and therefore do not apply to people with

significant illness, infirmity or disability. Health services were identified based on analysis of health-usage patterns across a range of surveys.

- **Transport** costs were based on a combination of normative judgements and behavioural data, especially ownership of a car. Detailed travel needs of households living in Sydney (in the Hurstville Local Government Area) were specified in relation to commuting to work, travel for leisure and domestic duties, and access to public transport.
- **Leisure** costs were predominantly derived from behavioural data (ABS time use survey data) on patterns of actual leisure activity, and by normative criteria relating to good health.
- **Personal care** costs were designed to reflect norms regarding personal hygiene standards and grooming. The inclusion of items was informed by a combination of feedback from focus groups, recommendations made by the Commonwealth Department of Health and Family Services, and people working in the personal grooming industry.

Every item included in the budget standard was assigned a cost. This included not just perishable items (e.g., the cost of a weekly grocery shop), but also consumer durables: 'for example, a refrigerator costing \$1, 040 with an assumed lifetime of 10 years enters the budgets at a cost of \$ 104 a year, or \$2 a week' (Saunders et al., 1998: 9). Determining what items to include in the budgets involved several 'rules of thumb' and an iterative process informed by expert input, behavioural evidence (survey data) and experiential findings (focus groups). Only items that were owned by at least 50% of the population were included in the 'modest but adequate' budgets and only items owned by at least 75% of the population were included in the low-cost budgets. While care was taken to price items to reflect national costs, pricing was done in person at Sydney-based retailers and for Sydney-based households. This first set of budget standards was developed using 'shelf prices' at the February 1997 rate.

Although Saunders and colleagues recognised that it was necessary to review budget standards every five years or so, they were aware that it was not practical from a time and cost perspective. Instead, they recommended re-pricing items every two years, and in the short-term, adjusting budget standards in line with group-based price movements (Consumer Price Index (CPI)).

2.1.2 Revision of the budget standards

In the years following their development, these original budget standards were regularly updated by community organisations to reflect changes in the CPI (ACOSS, 2012, 2014; Lawrence, 2015). They were also used officially to assess adequacy of pensions and wages (Harmer, 2008; Fair Work Commission, 2011) and to inform the design of the child support formula (Henman and Mitchell, 2001; Henman, 2005; Henman, 2007). However, making adjustments based on price movements alone does not account for changing community norms and practices (Saunders & Bedford, 2018).

Consequently, commencing in 2013 and completed in 2016, the 1998 budget standards underwent a complete revision by Saunders and colleagues at the SPRC (Saunders & Bedford, 2017). The revisions were required to reflect changing social practices and community norms and advances in budget standards research in the UK and EU. The updated Australian budget standards adopted the

Minimum Income for Healthy Living (MIHL) standard developed in the UK public health literature focussing on achieving healthy living outcomes instead of the ‘modest but adequate’ and ‘low cost’ standards. The MIHL approach:

involves identifying the ingredients of a healthy life in all of its dimensions, including diet, clothing, personal hygiene, health promotion, exercise and other forms of social engagement and activity (Saunders & Bedford, 2017: 29).

As with the earlier budget standards study, the updated study drew on three kinds of data:

- **Expert (normative) data** that reflects prevailing judgements on how much is needed to achieve specific standards.
- **Behavioural (survey) data** that describes the spending patterns of actual families.
- **Experiential (focus group) data** that captures how real families budget and make ends meet.

The updated study developed budgets for **five basic household types** (compared to 12 in the 1998 study). These five household types were: single people; couples without children; couples with one and two children; and a single parent with one child. Adults were assumed to be aged either 40 (men) or 35 (women), the first child was a 6-year-old girl and the second child was a 10 year-old boy. The combination of household type, labour force status and number of children led to the development of budget standards for ten different family types. The revised budgets focused on **eight broad areas**: food; clothing and footwear; household goods and services; transport; health; personal care; recreation; and education, with housing as an additional budget component given the complexity in the treatment of housing costs (they are part of the ‘grossed up’ estimates). The budget items were originally priced in 2013 but were updated using CPI data for the June 2016 quarter. Other important changes from the 1998 study were:

- A ‘switch from developing the budgets around the notion of a *hypothetical family* towards using a (statistically) *representative family* as the basis for the construction of many elements of the new the budgets’.
- Relabelling of the 1998 leisure budget to ‘recreation and culture’.
- Education as a new budget component.
- Incorporation of the 1998 energy budget into household goods and services (driven in part by changes in ABS classifications).
- A reassessment of the scoping, quality, lifetime and pricing of items to represent minimum standards (that is, ‘extremely tight’) (Saunders & Bedford, 2017: 41).

For housing costs, all family types were renting in the private rental market with the housing standard for family types aligned for both the low paid and unemployed. The preferred rent setting approach (used in the poverty line and income support package comparisons) were the weekly rents charged on different kinds of properties in different locations published by the Real Estate Institute of Australia. Rather than selecting a specific city, the average rent levels for each dwelling type in a small range of capital cities (Sydney, Melbourne and Brisbane) were used in the comparisons.

Focus group discussions were used ‘to validate the assumptions used to develop the key budget components – items, quantities, lifetimes and prices – and to confirm assumptions made about shopping practices, participation in social activities, and so on.’ (Saunders & Bedford, 2017: 2). Focus groups participants were recruited via community services organisations that support low-income clients. These discussions resulted in changes to the assumed lifetimes of some budget items and highlighted how participants shopped around to reduce their expenditure.

The finalised budget standards were used to assess the adequacy of incomes. This showed that:

- The new budget standards for low-paid families were 22-47 per cent above a poverty line set at 50 per cent of median income.
- For unemployed families, the new standards were very close to the poverty line for single adults and couples with no or one child, but about 20% above it for a single parent family.
- For unemployed families receiving income support payments, disposable incomes were below the MIHL standard in all cases (by \$47- \$126 a week).

More recently, Australian budget standards were developed for ‘low-paid’ households (Bedford et al., 2023) as part of the 2023 Annual Wage Review for the Fair Work Commission (2023). The research drew heavily on the 2013 Budget Standards project (Saunders & Bedford, 2017) utilising the same MIHL standard. The project involved checking and updating baskets of goods and services to ensure that they reflected consumption patterns in 2022; re-pricing of items; and conducting focus groups with working age people from low and middle-income households to ensure that the standards conformed to prevailing community standards and expectations.

Budgets were developed to reflect the minimal level of expenditure that can support a healthy lifestyle, including an acceptable level of social participation for **16 low-paid Australian family types** (including single people, single parents and couples with and without children). This was a larger typology of low-paid family types to account for variations in labour force participation, especially amongst women. The budgets focused on **eight broad areas**: food; personal care; clothing and footwear; household goods and services; transport; health; recreation; and education (including childcare). Following Saunders and Bedford (2017), **a housing component** was included (with variations in housing costs based on region, number of bedrooms and rent percentiles). The approach to determining rents was modified from the 2013 Budget Standards project to use Census data. Additionally, the 2023 report included a **supplementary discretionary budget** for typical goods that Australian families purchase to participate in society. The discretionary items were drawn from the main expenditure items not (or not fully) captured in the budgets. The discretionary budget was ‘deliberately austere’ and included allowances for alcohol and tobacco consumption, average gambling losses, a small allowance for workers eating lunch out, a weekend meal outside the house, and a minimal budget for international travel to visit family.

While the inclusion of tobacco, alcohol and gambling costs (or ‘sin’ goods) may be considered inconsistent with the provision of a Minimum Income for Healthy Living Budget Standard, the additional expenditure identified can also be seen as a proxy for other additional expenditures such as hobbies or interests that may be afforded from a supplementary discretionary budget. Focus group discussions were conducted with low and middle-income households to provide guidance on what

the budgets should contain and to test the adequacy of the estimated budgets. The discussions confirmed the challenges posed by increased cost of living pressures and discussed the need to prioritise certain items (e.g., housing costs and bills), with participants speaking about their capacity to save, their views on what constitutes a healthy lifestyle and their capacity to achieve this.

Although the initial budgets were based on those constructed by Saunders and Bedford (2017), they were modified through consultation with the Fair Work Commission by:

- Changing the age of the girl from 6 to 8 years and the boy from 10 to 11 years to better reflect parenting payment eligibility criteria.
- Adding a discretionary budget component.
- Adjusting housing costs based on rental expenditure from the 2021 Census data.

Budgets were further modified based on the focus group findings by:

- Adding and replacing items to reflect contemporary changes.
- Harmonising quantities and adjusting lifetimes according to current consumer items and newer data.
- Taking into account consumption and shopping behaviours (especially of families with children).
- Including discretionary items considered necessary by low-income and middle-income families.

Budget items were mostly priced using information sourced online during Quarter 3 of 2022 for items in leading national stores (e.g., Woolworths, Chemist Warehouse, Fantastic Furniture) and where necessary through in-store visits or through extrapolating costs from nationally available expenditure data (e.g., dental costs were based on Australian Institute of Health and Welfare expenditure estimates).

The final budgets represented the minimal level of expenditure that can support a healthy lifestyle, including an acceptable level of social participation. They showed that:

- Budgets were generally substantially lower – around 50% to 90% of the predicted total non-housing expenditure – pointing to the frugal nature of the basket of goods and services included.
- Budgets were generally higher than the disposable income of households reliant upon minimum wages (taking into account taxes and transfers).

The findings implied that minimum wage recipient households would not be able to reach these budget standards without the provision of additional resources and were a key input into increasing the minimum wage by the Fair Work Commission (2023) for the 2022-23 annual wage review. It currently serves as the most comprehensive and thorough estimation of the costs of living in contemporary Australia following a pandemic and during the highest inflationary period since the 1990s.

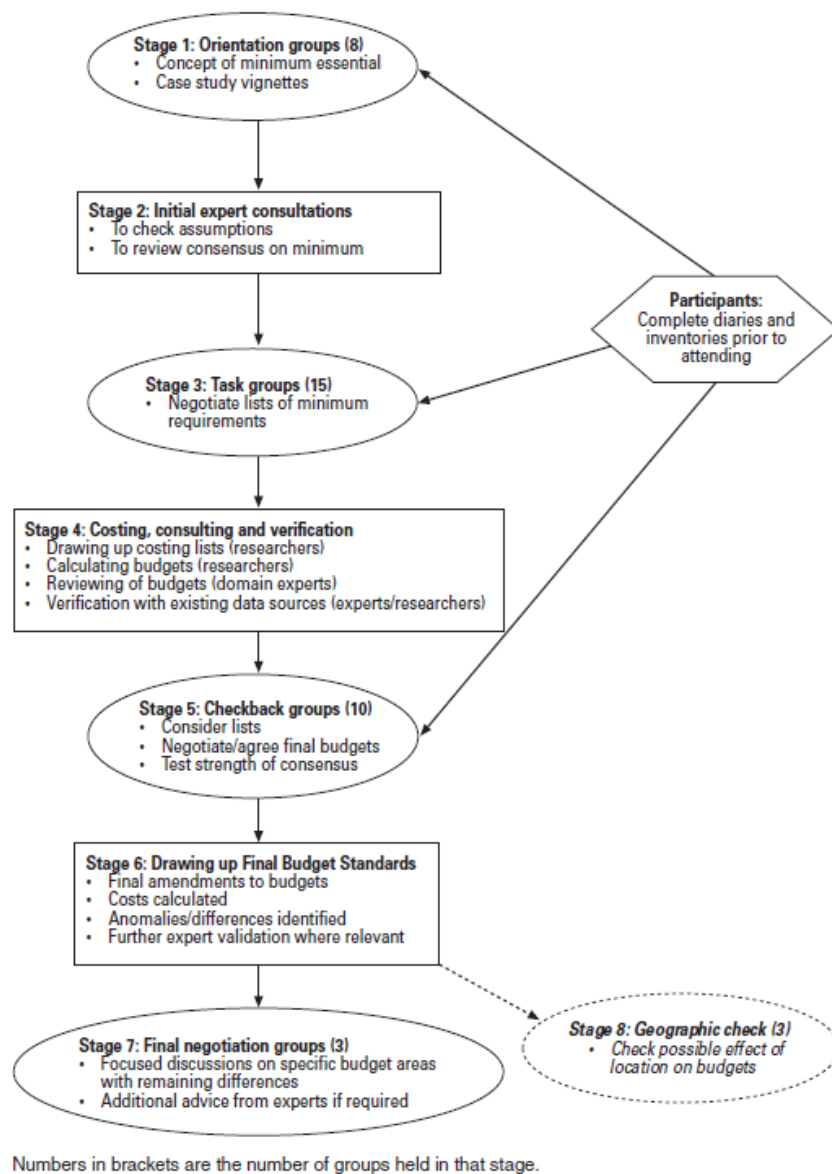
2.2 United Kingdom

The terminology used in the UK is ‘minimum income standard’. Like Australia, the UK has a long history, dating back to the early 1900s with family budgets developed by Seebohm Rowntree, who applied a basic needs approach to calculate the minimum income necessary to meet essential needs like food, clothing and shelter (Rowntree, 1902). In the 1980s and 1990s, the Family Budget Unit (FBU) at the University of York developed ‘low cost but acceptable’ (LCA) budget standards framed around minimally acceptable living conditions. Budgets were developed for housing, food, clothing and footwear, household goods and services, health and personal care, and social participation. Budget itemisation was based on recognised benchmarks, such as nutritional and heating standards, expert inputs (e.g., a dietician), analysis of consumer surveys and consumption expenditure and manufacturer data on product lifespans (Bradshaw et al., 1993).

Concurrent with the development of the LCA budgets, the Centre for Research in Social Policy (CRSP) at Loughborough University developed ‘consensual’ budget standards (CBS) for specific groups (such as children) (Middleton et al., 1994; Davis et al., 2015). Unlike the LCA budgets that were based on documented guidance, expert opinion and statistics, the CBS budgets were developed through public engagement to reach collective agreement on minimum needs. This drew on the insights of ordinary people representing different family or household types rather than professional experts to develop budgets that reflect minimum needs.

The UK’s current Minimum Income Standard (MIS) combines these two methodologies (Bradshaw et al., 2008). This iterative approach allows for the views of the general public and experts to inform subsequent stages as depicted in Figure 1 (reproduced from Bradshaw et al., 2008).

Figure 1: The UK Minimum Income Standard Research Stages



The MIS budgets were based on the concept of ‘acceptable minimum’ which was discussed at length during the group discussions, with the following definition agreed upon:

A minimum standard of living in Britain today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society (2008: 14).

As with the Australian budget standards research, each budget was ‘the sum of hundreds of costed items and allowances for activities and services’ (2008: 13). Budgets were developed for **fifteen individuals**: single female adults no children; single male adults no children; partnered female adults no children; partnered male adults no children; partnered female adults with children; partnered male adults with children; lone parents; single female pensioners; single male pensioners; partnered female pensioners; partnered male pensioners; toddler; pre-school child; primary school aged child; and secondary school aged child. These were then combined for different family types.

The 2008 report presented budgets for **four illustrative family types** (single working age, pensioner couple, couple with two children and a lone parent with one child) and covered **14 budget areas**: food and alcohol (tobacco not included); clothing (lifespans and weekly costs); council tax; household insurance; fuel; housing costs – separated out in the budgets and to be treated as a variable cost; other housing costs; household goods; housing types; communications (household services) – mobiles and landlines; childcare; personal goods and services; transport; and social and cultural participation. The budgets developed represented a MIS for England, Scotland and Wales.

Since the development of the first MIS in 2008, there have been annual updates to ensure that they remain current, relevant and continue to reflect normative patterns of consumption and participation. These updates include either adjusting the prices assigned to items (uprating) and/or ensuring that the items included in the budgets reflect social norms (rebased, 'that is developed from scratch'). The regular updates allow the researchers to identify continuity and change in patterns of expenditure (e.g., increasing food and fuel prices).

New budgets were developed in 2012, 2016 and 2020 for families with children to rebase (reprice) the budgets and in 2014, 2018 and 2022 for other household types. In 2024, the budgets were rebased for all household types in the same year, for the first time since 2008. In addition to providing annual insights into the UK MIS, the reports provide geographic insights and consider the experiences of families that fall below the MIS. The reports also examine other themes including: the extra costs of disability; MIS for older pensioners; sustainable income standards; minimum budgets for single people sharing; and young adults living with parents. The CRSP MIS website includes an MIS Online calculator (<https://www.lboro.ac.uk/research/crsp/minimum-income-standard/calculator/>).

The most recent report on the MIS (Davis et al., 2024) estimated the incomes needed by different household types in order to reach a minimum acceptable standard of living in 2024. Reflecting the rising cost of living and cuts to social services, it found that 'a couple with 2 children, where one parent is working full-time on the National Living Wage, and the other is not working, reached only 66% of MIS in 2024, compared with 74% in 2023' (2024: 3). Another recent report from the MIS team examines the minimum income standards for a non-resident parent who provides occasional care for the child. The authors note that such a study is important because these costs are rarely acknowledged, particularly in the social security system. They found that the costs are substantial (Hill & Hirsch, 2024).

2.3 Ireland

The Minimum Essential Standard of Living (MESL) was developed in Ireland based on the consensual budgets methodology developed in the UK by the FBU and the CRSP. The impetus for the development of the MESL was a 2001 study that showed 'that it was impossible to live with dignity and provide children with adequate food, clothing, etc. on the lowest social welfare rates or on the national minimum wage' (MacMahon, 2009: 10). The MESL framework centres the views of members of the public who are engaged 'in deliberative focus groups to reach consensus on the minimum people need to live and partake in Irish society, at a standard of living which people agree no one should be expected to live below. It represents the minimum required to meet physical, social, and

psychological needs, and enable a life with dignity.’ (Vincentian MESL Research Centre, 2024a: 7). As such, the MESL is intended to sit above a poverty line.

The core principles in the construction of MESL budgets are:

- A standard of living which no one should be expected to live below.
- Members of the public deciding and agreeing on what is needed to live at an acceptable dignified standard and participate in Irish society.
- The minimum needed to live and partake in Irish society today, meeting the physical, psychological and social needs of individuals and households.
- A minimum standard for everyone, not just those in poverty.
- The actual weekly cost of over 2,000 items (goods and services) deemed necessary to enable a socially acceptable minimum standard of living
- A unique benchmark, grounded in the lived experience of people, which complements other poverty measures.
- To shine a light on the extent to which individuals and households can afford a minimum standard of living (Vincentian MESL Research Centre, 2024b).

The MESL costs **fourteen categories of expenditure**: food, clothing, personal care, health, household goods, household services, communications, social inclusion and participation, education, transport, household energy, personal costs, insurance, and savings and contingencies. These costs are applied to estimating the minimum needs **across six broad household types**:

- Two parent household types, with 1 to 4 children.
- One parent household types, with 1 to 4 children.
- Single adults, of working age.
- Cohabiting couple, working age.
- Pensioner, living alone.
- Pensioner couple.

It includes budgets for urban and rural-based households and differentiates between the needs of working-age adults, older adults, households with dependent children and without.

The Vincentian MESL Research Centre, funded by the Department of Social Protection, is responsible for MESL research and data management, and their website includes a minimum income standard calculator (<http://misc.ie/home>). Since 2004, costs of goods and services are updated annually and the contents of the basket of goods ‘periodically reviewed’. The last periodic review was conducted in 2018/19.

The 2024 update report notes a decline in costs compared with 2023, but a cumulative increase of 16.8% from 2020 to 2024 ‘indicating ongoing living cost challenges for households’ (Vincentian MESL Research Centre, 2024: iv). The MESL is used to assess the income adequacy of social welfare supports (income support payments) and the minimum wage. The report states that the incidence of ‘deep income inadequacy’ declined (from 59% in 2023 to 43% in 2024) as did income inadequacy (from 87% in 2023 to 76% in 2024). It also shows the impact of an increase in the national minimum

wage, with ‘the inadequacy of a full-time minimum wage salary lessening to an income shortfall of €130 per week, meeting 77.3% of MESL needs’ (2024: viii). MESL researchers participate in policy-formation processes in Ireland through submissions, presentations to parliamentary committees and participating in pre-budget meetings ‘to inform debate on the adequacy of social transfers, supports and services’ (Mac Mahon & Thornton, 2020: 49).

2.4 European Union

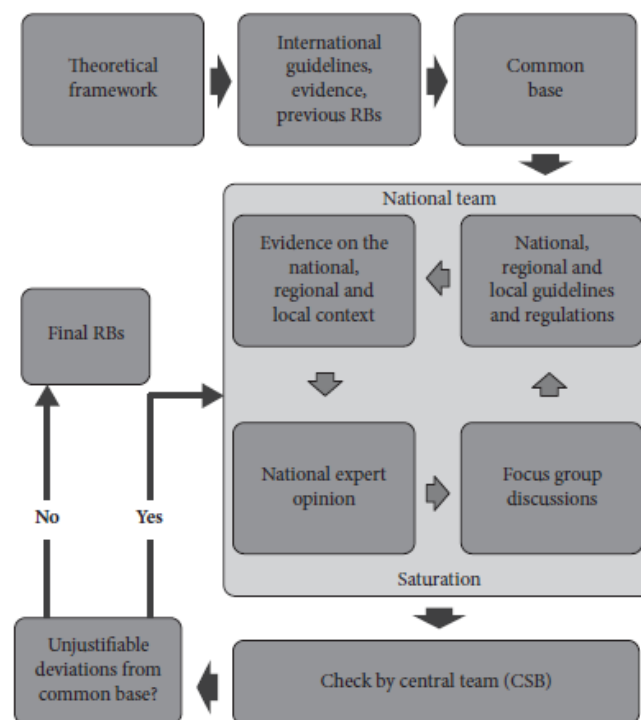
Although several European countries have their own versions of budget standards, the term ‘reference budgets’ is used in the European Union (EU) and defined as ‘priced baskets of goods and services that represent a given living standard.’ (Storms et al., 2014: 8). Although specific articulation of this ‘standard’ varies across countries, reference is often made to a standard that is socially acceptable, or one that provides dignity or provides the capacity to fulfil social roles. A cross-country pilot project was established in the EU with a view to developing comparable reference budgets for six European cities in six different countries (the ImPRovE project). The targeted living standard corresponded to:

‘the minimum financial resources required to participate adequately in society. Adequate social participation is defined as the ability of people to adequately fulfil the various social roles they should be able to take on as members of society.’ (Goedemé et al., 2015: 5).

The project developed budgets for **four hypothetical model family types**: a single person, a single person with one child; a couple without children; and a couple with two children. The adults were assumed to be about 40 years and the child in the single parent house was assumed to be a 10-year-old boy. In the household with two children, the first child was assumed to be a 10-year-old boy and the second, a 14-year-old girl. Other assumptions included that household members were all in good health and had ‘the necessary competences to be self-reliant and to make the right decisions with regard to their health and safety’ (2015: 6).

The methodology adopted began with establishing a theoretical framework based on the theory of human need, identifying these needs, which were translated into a set of ‘functions’ and ‘rules of thumb and criteria were developed to translate these functions into detailed lists of goods and services’ (2015: 11). These were compiled in Excel files, with details about their purpose, provider, price and lifespan. This constituted the ‘common base’ for all countries. The second stage involved each country checking whether this ‘common base’ was acceptable for their country and adapting it if necessary. This checking process involved a review of national regulations and guidelines, survey data, the input of national experts and focus groups with members of the public to discuss ‘the feasibility, suitability, acceptability and completeness of the reference budgets’ (2015: 11) (as depicted in Figure 2 below, reproduced from Goedemé et al., 2015: 12). The budgets covered nine different categories of expenditure: healthy food; clothing; housing; personal care; health care; rest and leisure; safety in childhood; maintaining significant social relations; and mobility, the categories themselves described positively to encompass rights, roles and participation.

Figure 2: The ImPROvE approach to constructing cross-country comparable reference budgets



Despite some cross-national differences, Goedemé et al., (2015) found that it was feasible to construct comparable budgets across different countries and ‘that the variation in the level of reference budgets is less than what would be expected on the basis of differences in median household incomes’ (2015: 4).

2.5 Canada

Canada’s Market Basket Measure (MBM) is an income-based measure developed in 1997-99 ‘to provide an intuitive and transparent measure of low income based on a basket of goods and services representing a modest, basic standard of living’ (Djidel et al., 2019). The original budgets were developed by the Ministry of Employment and Social Development Canada (ESDC) in consultation with various government officials (Hatfield et al., 2010).

The MBM ‘reflects the combined costs of a basket of goods and services that individuals and families require to meet their basic needs and achieve a modest standard of living’ (Canadian Government, 2018: 11). Budget construction was informed predominantly by expert opinion and the use of secondary data sources, with public feedback provided through focus groups and an online survey (Heisz, 2019). Unlike the UK’s MIS and Ireland’s MESL, the original MBM focus groups were not used to set ‘acceptable’ standards but rather consulted at various review stages about whether these basic needs accorded with participants’ lived experience (Heisz, 2019). The **budget covers five components**: clothing and footwear, transportation, food, shelter, and other necessities - such as personal care items, household needs, furniture (excluding those already in the shelter component),

basic telephone service, reading, recreation, entertainment and school supplies. Items were chosen to be cost-effective and the scope of items deliberately austere to reflect functional needs.

In 2019, the MBM was legislated under the Poverty Reduction Act (2019) as the official poverty line for Canada (Canadian Government, 2019). It is used ‘as an indicator for the coverage of basic needs’ (Dufour et al., 2021). The reference family for calculating Canada’s official poverty line is two adults between 25 and 49 years, and two children, a 9-year-old girl and a 13-year-old boy. Expenditures are adjusted for family size and extrapolated to all Canadians. ‘If Canadians cannot afford this basket of goods and services, then they will be considered to be living in poverty’ (Canadian Government, 2018: 65). The MBM methodology is used to establish different poverty thresholds across 53 regions in Canada to account for variations in living costs (e.g., geographic pricing differences, local economic conditions, urban versus rural differences).

For the purposes of calculating poverty rates, the MBM estimates disposable income by linking tax data to a survey instrument, such as census data. Disposable income is estimated by taking families’ after-tax income (including government transfers) and subtracting non-discretionary expenses (e.g., medical, childcare expenses, etc.). If a family’s disposable income is below the basket cost threshold for their particular region and family size, they are considered to be living in poverty (Devin et al., 2023: 4).

The MBM has undergone two substantial reviews in 2008 and 2018 by Statistics Canada in collaboration with the ESDC. Both reviews involved revision of the basket items to better reflect modern consumption standards and to improve precision in regional cost differences. The 2008-base MBM methodology included revising the shelter component to include the cost of homeowners without mortgages (Hatfield et al., 2010). The 2018-base MBM methodology expanded consultations to include individuals with lived experience of poverty and invited public feedback on the adequacy of the 2008-base thresholds and areas needing focus (Devin et al., 2023). The intention is for the MBM to be reviewed every 5 years, following the Census, with the third review currently underway (commenced 2023).

In the intervening years, Statistics Canada regularly updates the costs of the basket of goods, currently holding the basket components from 2018 constant (<https://www.statcan.gc.ca/en/topics-start/poverty>). Annual updates are made using CPI adjustors for each province and specific MBM component. Latest official results show that the average MBM threshold for a reference family of four across the 53 MBM regions was \$48,583 (CAD) in 2022. This is a 6.4% increase in the threshold from 2021, resulting in an increase in the national poverty rate from 7.4% in 2021 to 9.9% in 2022 (Statistics Canada, no date). Statistics Canada notes the challenges of deriving poverty thresholds for remote regions due to their isolation and limited infrastructures that make it difficult to collect prices for specific MBM basket items. To estimate prices for remote provinces, Statistics Canada follow the existing MBM methodology, but make adjustments to the contents of the basket to better reflect life and conditions in remote regions.

Canadian researchers have examined how the MBM applies to different groups. Scott et al. (2022) found that the MBM underestimates the true poverty rate for people with disability in Canada. Sible

and Raphael (2022) found that the MBM is not sensitive to growing income inequalities between seniors and the working age population.

2.6 USA

The Economic Policy Institute (EPI) in the US created the Family Budget Calculator (FBC) over two decades ago. The EPI notes that family budget data can inform questions about how to construct a living-wage standard, but that it cannot answer such questions definitively. Instead, the EPI proposes that ‘family budget data can be leveraged to inform decisions about wage standards in any area of the country.’ The EPI’s report *What constitutes a living wage? A guide to using EPI’s Family Budget Calculator* is aimed at policy makers and provides advice on how they can ‘use local data from the Family Budget Calculator to inform decisions about what constitutes an appropriate local living wage’ (Gould et al., 2024a: 3).

The EPI’s technical report describes the FBC measures as ‘the monthly income a family needs in order to attain a modest yet adequate standard of living’ (Gould et al., 2024b: 1). It estimates budgets for 10 family types (one or two adults with zero to four children). The report defines the 10 family types and describes the assumptions made about each. It notes that the FBC includes cost data for all 3,143 US counties. The EPI family budgets are comprised of seven budget areas: housing, food, transportation, child care, health care, taxes, and “other necessities.” The technical report describes how the data for each budget area is calculated. The “other necessities” category covers ‘items that do not fall into the aforementioned categories but that are necessary for a modest yet adequate standard of living.’ (2024b: 9). Examples included in these calculations are: personal care, household supplies (including furnishings and equipment), reading materials, and school supplies’. The report notes that versions of the FBC prior to 2018 included budget categories for “entertainment” and “other miscellaneous items” in the total for “other necessities”, but that they have been omitted ‘so that we can more narrowly assess what is the bare minimum income required to get by’ (2024b: 9).

A search of the literature on how family budgets have been used in poverty research in the US produced few relevant results. In his analysis of the history and development of standard budgets in the US, Fisher (2020) notes that they have been developed by:

analysts advocating for lower-income working families and the elderly... However, a number of US academic poverty researchers seem to have an aversion for standard budgets, and ignore them in discussions about poverty measurement. The reasons for this phenomenon are not entirely clear (2020: 293).

Fisher notes that although ‘the US federal government has completely avoided the standard budget methodology for three decades’ (2020: 293), seven US states developed their own budget standards in 2010. He describes these budgets as being at ‘a ‘no frills’ standard of living, allowing families to meet only basic survival needs on a day-to-day basis’. This contrasts with the approaches adopted in Australia, UK and elsewhere that consider both material needs and capacity to participate in society.

3. What are budget standards used for?

Budget standards, minimum income standards and reference budgets have been used in a range of contexts, not all of which were anticipated by their developers (Hirsch, 2020). They are based on needs, not wants and, critically, they set ‘a level that it is socially unacceptable for *any* individual to live below’ (Bradshaw et al., 2008: 4).

Goedemé et al. (2015) describe reference budgets as ‘a helpful tool for policy making and monitoring’, although Saunders (1998) cautions that they should be used in conjunction with other information to inform policy decisions. There is evidence of their use for both policy making and monitoring purposes. With respect to policy making, budget standards have been used to set:

- The minimum wage in Australia (Bedford et al., 2023).
- Wage floors in the UK (Hirsch, 2020).
- A statutory target for reducing fuel poverty in Scotland (Hirsch, 2020).
- The official poverty line in Canada (Canadian Government, 2018).

With respect to policy monitoring, budget standards, minimum income standards and reference budgets have been used to assess the adequacy of incomes including:

- To assess the adequacy of income support payments (JobSeeker Payment/Newstart Allowance) (Saunders, 2018).
- By community services organisations to advocate for increases in income support payments (ACOSS, 2023).
- To empirically test the use of reference budgets for constructing a needs-based indicator that assesses the adequacy of minimum income protection (Penne et al., 2020).
- To examine the impact of an increase in the Irish national minimum wage (Thornton et al., 2024).
- In the US, the EPI’s family budget calculator has been used ‘to gauge the adequacy of labor earnings... cited by living-wage advocates, private employers, academics, and policymakers who are looking for comprehensive measures of economic security’ (Gould et al., 2024a: 1).
- In Canada, the MBM is used to assess minimum wage standards and address income disparities (Canadian Government, 2018).

Additional applications of the **budget standards approach in Australia** include:

- Developing a ‘comfortably affluent but sustainable’ budget standard for self-funded retirees (Saunders et al., 2005).
- Estimating the costs of children (Saunders & Bedford, 2018), to estimate the costs of children for child support purposes (Henman, 2007), and the costs faced by non-resident and separated parents (Henman & Mitchell, 2001; Henman, 2005).
- Providing ‘insights into the role of housing costs, the costs of lone parenthood, and the cost of different forms of economic and social participation (Saunders et al., 2005: 147).

Additional applications of the **Minimum Income Standards in the UK** include:

- For charitable practice (e.g., charities topping up incomes to MIS levels).
- To support access to justice (e.g., in relation to the means test for accessing civil and criminal legal aid) (Hirsch, 2020).

Additional applications of the **MESL in Ireland** include:

- The development of Reasonable Living Expenses guidelines for individuals and households entering personal insolvency arrangements with creditors.
- To inform the development of a food poverty indicator.
- To identify additional costs associated with disability.
- To inform the development of policy concerning energy poverty.
- To shape the development of an affordable model of childcare (MacMahon & Thornton, 2020).

Storms et al. (2014) suggest that reference budgets can be used to ‘strengthen the financial competence of individual consumers’ (2014: 9).

4. Strengths and weaknesses of budget standards

This review attests to the strengths of budget standards and their application across a range of policy and advocacy terrains. Strengths of the budget standards approach include a focus on needs (not wants), transparency and flexibility (Saunders et al., 1998, 2005; Storms et al., 2014). It is built on a ‘common-sense approach’ that identifies ‘what is acceptable in terms of actual living standards and what prevailing community standards are’ (Saunders & Bedford, 2018: 20). Bradshaw articulates similar strengths of the MIS which is ‘based on detailed and robust information about the items and resources people need as a minimum in order to have a socially acceptable quality of life in Britain today’ (2008: 52).

Budget standards can be constructed using three forms of evidence: expert (normative) evidence; behavioural (survey) evidence; and experiential (focus group, public consensus) evidence, with Storms et al. (2014) emphasising the value of integrating ‘experience’ with ‘codified knowledge’. In other words, alongside expert input, budget standards research gives weight to the input of members of the public when it comes to determining what an acceptable living standard is. The application of the MIS in the UK in a range of contexts unanticipated by its developers underscores its value ‘as a valid and useful benchmark’ (Hirsch, 2020: 315). In the UK, the team behind the MIS emphasise its value in observing and tracking ‘the impact of social, economic, political and cultural change on our shared vision for higher living standards, so we can all live with dignity in the UK.’ (Davis et al., 2024: 2). This is also evident in the Irish annual MESL updates that track the impact of rising cost of living pressures and changes in income support payments and the minimum wage.

Weaknesses of the budget standards approach include the fact that they are time-intensive and costly to develop. Additionally, because budget standards reflect community norms around consumption and participation, they need to be updated to maintain their relevancy – normative consumption habits in the 1990s are likely to differ substantively from those of the 2020s. This is

particularly evident in relation to rapid technological change, the use of mobile phones, changing family structures and economic and social policy reforms that may impact behaviour. To this end, the team behind the UK Minimum Income standards recommend regular uprating and rebasing of budget standards, which they define as follows:

- *Uprating* of budget standards means annual adjustment according to some formula to take account of rises in prices and/or living standards.
- *Rebasing* of budget standards means reapplying the original methodology under which they were calculated, to ensure that they are in line with current social norms (Bradshaw et al., 2008).

While the team behind the MIS uprated (repriced) the original 2008 budgets in 2012, 2016 and 2020 for families with children and in 2014, 2018 and 2022 for other household types, the budgets were only rebased ('that is developed from scratch') in 2024 for the first time since 2008 for all household types. Australian budget standards research experienced a similar time lag, with the first Australian budget standards (finalised in 1998 after a significant investment of time and labour) only subject to a major revision between 2013 and 2016 (finalised in 2017).

Saunders and colleagues (1998 and 2017) identified a range of challenges involved in the construction of the 1998 and the 2013 Budget Standards projects. The most important was the setting of the standard of living framework which set the terms for the choice, quality, quantity, lifetimes and pricing of items. In the original 1998 study, the 'modest but adequate' budget was criticised for being set too high, going beyond minimum need and also 'err[ing] on the generous side' (Saunders & Bedford, 2017: 41) in terms of item choice that met similar needs. The articulation of the 2013 Budget standards project around the MIHL standard implied that needs be set at a minimal level that allowed for healthy living outcomes with lower cost options and were deliberately austere and frugal in scope. Another challenge of the 1998 study related to developing budgets for a hypothetical family tied to a specific location (for example a specific Sydney suburb), while the 2013 study switched towards using a statistically representative family when developing the new budgets. Both are limited, the former in its capacity to be nationally representative and the latter in considering the greater needs of low paid and unemployed families. Saunders and Bedford (2017) also pointed out that assumptions about the lifetimes of durable goods have implications for weekly budgets, as did in-built obsolescence, whereby products are designed to have shorter life spans. Overall, these challenges highlight the many complex assumptions and assessments that must be made about levels of consumption, participation and choice (Bedford et al., 2023).

Storms et al. (2014) list six 'pitfalls' in relation to reference budgets:

- They could be used to dictate, or prescribe, 'how people in poverty should spend their money'.
- They could be used as a 'standard' for measuring poverty or assessing the adequacy of social benefits, neglecting the variations in individual circumstances and structural conditions.
- If used to set the level of social benefits, they could create disincentives to work if the level is too close to or exceeds minimum wages.
- They can suffer from being 'circular' by equating the resources needed for the target standard of

living with some existing pattern of consumption.

- Arbitrary judgments are used in their construction.
- They are complicated to construct (Storms et al., 2014).

5. Discussion

This rapid evidence assessment identified a considerable body of ongoing work on budget standards in Australia, the UK, Ireland, Canada and Europe and a smaller body of work in the USA. The Australian, Canadian and European research and its application for policy development and monitoring purposes attests to the value of budget standards.

Developing budget standards, or determining how much is enough, entails determining what needs or necessities must be met, what items (goods and services) can meet these needs, how much these items cost, how long will they last and how much do all these items collectively cost. As Deeming (2020) notes, there are many ways to arrive at a figure and this depends on ‘who is defining the standards, for whom and how they are doing this methodologically speaking’ (2020: 333). He notes that despite variations in methodology used to develop budgets standards, they all utilise three forms of input – experiential (focus groups), normative (experts) and behavioural (surveys) – combined in different ways and given different weighting. Deeming highlights the trend in recent years in giving greater weight to ‘the input of citizens’ over the input of experts and insights from survey data. This reflects a broader shift in social policy research that recognises the critical importance of centring lived experience perspectives in co-designed research (Moll et al., 2020; Zamenopoulos & Alexiou, 2018; Lamb et al., 2023).

Budget standards and reference budgets are based on a ‘priced baskets of goods and services *that represent a given living standard*’ (Storms et al., 2014: 8, emphasis added). Developers need to set the living standard the budgets are designed to apply to. Contrasting the budgets standards developed in Australia and Europe with those developed in North America highlights the different standards they are meant to represent.

The budgets developed by the Australian and European studies are sufficient to meet both basic needs for food, clothing and shelter, while also allowing for social and economic participation. They are typically not intended to be used as a poverty line and are often higher than commonly used poverty lines. They were predominantly developed to assess adequacy of income setting policies (such as income support payments, minimum wages) with adequacy treated as an income level which provides for a basic acceptable standard of living taking into consideration prevailing community living standards. Consequently, poverty alleviation and social inclusion objectives are embedded within the notion of ‘basic acceptable living standards’ and associated income levels.

The Australian ‘low cost’ budget developed in the original budget standards represented a living standard that may ‘require frugal and careful management of resources but would still allow social and economic participation consistent with community standards’ (Saunders et al., 1998: 63). The Minimum Income for Healthy Living adopted in the revised budget standards involved ‘identifying the

ingredients of a healthy life in all of its dimensions, including diet, clothing, personal hygiene, health promotion, exercise and other forms of social engagement and activity (Saunders & Bedford, 2017: 29). However, although the 2017 budgets allowed for some social participation, they were more frugal than the original budgets constructed around minimum needs. This corresponds with the UK MIS which is about 'having what you need in order to have the opportunities and choices necessary to participate in society' (2008: 14). The Irish MESL is more expansive, emphasising dignity, a standard that no one should be expected to live below, and which allows individuals to participate in society. The EU reference budgets also factor in social participation 'defined as the ability of people to adequately fulfil the various social roles they should be able to take on as members of society.'

Conversely, the North American budgets focus on meeting basic survival needs, with Canada adopting the Market Basket Measure as its official poverty line. Canada's MBM emphasises modest and basic (as opposed to acceptable) and focuses on a minimal list of items to meet essential functional needs excluding non-essentials or any discretionary spending. The US's FBC measure is focused on 'the bare minimum income required to get by', which is slightly higher than a poverty line, but still a very low bar. The budgets have become tighter over time, with budget categories for "entertainment" and "other miscellaneous items" dropped in 2018.

In summing up the contributions to his edited volume, Deeming (2020) outlines several 'good practice' principles that should be incorporated into budget standards research to ensure that:

- It has a clear definition of the relevant standards, concepts, frameworks and the units of measurement.
- It is based on good quality research, and data and information are clearly reported to ensure high levels of validity, reliability and replicability.
- The approach has been applied more than once, ideally in different contexts.
- It triangulates findings from multiple methods or data sources to strengthen the approach.
- It produces information that can be used to inform policy design, monitoring and practice (2020: 339-340).

The Canadian review for the 2025-based MBM process set out by Statistics Canada and the ESDC (Devin et al., 2023) sets out similar recommendations, suggesting that the review should be guided by the following principles:

- Publicly informed – engaging with those who have lived experience of poverty, vulnerable groups, government representatives, and experts to ensure that budgets remain relevant and accurately reflect a 'modest' standard of living, as well as validating key methodological assumptions.
- Evidence based – incorporating recent data (such as expenditure data) and latest standards (for example, health standards) to refine basket components and maintain an evidence-based foundation.
- Transparent in decision making – communicating proposed changes to enhance public understanding and acceptability of the budgets, with a public feedback period.

It proposes the following mix of bottom-up and top-down activities implemented through an iterative process:

- Initial collection of feedback and recommendations for methodological updates – initial engagement with academics, NGOs and state officials to gather evidence-based recommendations.
- Virtual workshops with stakeholders – conduct ongoing consultations with government, academic, and NGO representatives to discuss updates to the budget standards methodology.
- Information sessions for members of the public - gather feedback from individuals with lived poverty experiences, vulnerable groups, and poverty reduction stakeholders, to ensure constant engagement with the strengths and limitations of budget standards (and in Canada’s case adoption as an official poverty measure).
- Online crowdsourcing survey and forums to ensure transparency and scope for feedback to validate current poverty thresholds and promote engagement on specific topics.

5.1 So where does this leave budgets standards research in Australia?

The original Australian budgets standards research was completed in 1998, and it was almost 20 years before the standards were revised. The revision in 2017 involved substantial modifications to the original budgets to meet a different living standard based around the concept of a Minimum Income for Healthy Living. Given the importance of ensuring that budget standards capture normative consumption patterns (not to mention the time required to develop them), it is important that work on developing revised estimates commences sooner rather than later. Ideally, as recommended by the Canadian MBM, the Irish MESL and the UK MIS, comprehensive revisions are required regularly, at least every 5 years.

It is recommended that Australian budget standards undergo a complete revision keeping in mind the following considerations:

- What standards or frameworks should be applied? For example, minimally acceptable (akin to a poverty line) or socially acceptable that recognises social inclusion and participation.
- How to ensure an appropriate weighting or prioritisation of evidence that triangulates inputs from a range of data sources (expert, behavioural and experiential data)? For example, co-designing the research to ensure that it captures lived experience.
- Re-evaluating budget components. For example, how housing costs are included in the core budgets and whether, how and for whom discretionary spending should be included as part of the core budgets. For example, discretionary spending may be appropriate for the standard sought by the minimum wage.
- Re-evaluating the estimation unit. For example, whether the construction is based on the household or individual level. In Australia, the approach involves choosing specific family types, whereas in the UK budgets are calculated at the individual level and aggregated for different family/household compositions.
- How to design budgets that reflect different geographic, economic and social conditions. This can include climate related differentials in costs and different concessional arrangements applying in

different jurisdictions.

- Building in a formal review process to ensure budgets reflect changes in community norms, incorporate methodological improvements and current data. For example, comprehensive reviews every 5 years with periodic rebasing (to reflect social norms) and repricing (adjusting prices).

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APPENDIX 7

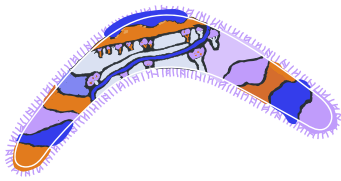
THE IMPACT OF GOVERNMENT PAYMENTS ON VICTIM-SURVIVORS ESCAPING DOMESTIC VIOLENCE BY SOCIAL VENTURES AUSTRALIA





Impact of government payments on victim survivors escaping family and domestic violence

Report for the Economic Inclusion Advisory Committee



Acknowledgment of Country

Social Ventures Australia and Professor Roslyn Russell acknowledge and pay respect to the past and present traditional custodians and elders of this country on which we work.

'After the Rains' by Richard Seden for Saltwater People 2024

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Legal disclosure statement

SVA in partnership with Professor Roslyn Russell (the partnership) has prepared this report in good faith on the basis of the research and information available to the partnership at the date of publication.

Information has been obtained from sources that the partnership believes to be reliable and up to date. The partnership does not give any representation, warranty, express or implied, assurance or guarantee as to the accuracy, adequacy, completeness, currency or reliability of any of the information.

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About Social Ventures Australia Consulting

Social Ventures Australia is a not-for-profit organisation that works with partners to alleviate disadvantage – towards an Australia where all people and communities thrive.

SVA influences systems to deliver better social outcomes for people by learning about what works in communities, helping organisations be more effective, sharing perspectives and advocating for change.

SVA Consulting is one of Australia's leading not-for-profit consultancy teams. SVA Consulting focuses solely on social impact and works with partners to increase their capacity to create positive change. Thanks to more than 15 years of working with not-for-profits, government and funders, SVA Consulting has developed a deep understanding of the sector and 'what works'. The SVA Consulting team is passionate about what they do and use their diverse experience to work together to solve Australia's most pressing challenges.

About Professor Roslyn Russell

Dr Roslyn Russell is an Honorary Professor at RMIT University and is also the founder and Director of Wellbeing Research – an independent research consultancy. For over 20 years, Roslyn has focused her research on the financial capabilities and financial wellbeing of Australians. During her academic career, Roslyn has been successful in obtaining a number of ARC grants including a Discovery project exploring the factors influencing the financial decision-making of Australian women.

Much of Roslyn's research has been commissioned by government, finance and community sectors providing her with the opportunity to pursue useful research contributing to policies and practices that can create a fairer and inclusive society. Roslyn's research has produced insights into the financial lives of people with disability, young people, older Australians, people living on low incomes, victim survivors of family violence and economic abuse among young adults. Roslyn has led the long-term evaluations of Saver Plus and MoneyMinded and has also explored the use of financial products such as payday loans, consumer leases, and more recently Buy Now Pay Later.

This report has been authored by the team at SVA Consulting, Lara Drieberg, Caleb Heard, Susie King, Liliana McCarthy, and Sam Thorp with the support of Professor Roslyn Russell. For more information contact us: consulting@socialventures.org.au

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Executive summary

Context

Family and domestic violence is a major health, economic, and welfare issue in Australia. It leads to physical and mental ill-health, financial hardship and homelessness, all of which are significant drivers of disadvantage for victim survivors and their children. Emerging evidence indicates that the inability to pay for housing and essential items is a significant barrier for victim survivors to leave a violent relationship. As the financial impacts of violence frequently result in victim survivors becoming reliant on government payments to provide for their post-separation needs, the accessibility and sufficiency of government payments becomes an important consideration and potentially a decision-making factor.

Research objectives

To better understand this, the Economic Inclusion Advisory Committee engaged Social Ventures Australia in partnership with Professor Roslyn Russell to research the impact of government payments on victim survivors escaping family and domestic violence. The objective of the research is to expand the evidence base through analysing relevant national datasets and data about government payments provided by the Department of Social Services as well as to document current literature and evidence on this issue. Three focus areas were agreed as priorities within this broad objective with the Committee:

- **Priority 1.** Interrogate the hypothesis that government payments are inadequate for a victim survivor to decide to leave a violent relationship and not return.
- **Priority 2.** Explore the challenges victim survivors face accessing government payments, including the application process, design and delivery of payments.
- **Priority 3.** Identify data and literature gaps and make recommendations for how these may be addressed to enable improved understanding of the impact of government payments on victim survivors.

This report documents the outcomes of this research.

Methodology and scope

A mixed-method research methodology was undertaken. The scope of the data analysis focused on five Government income support and emergency financial support payments provided or overseen by the Department. This included consultation with Committee members, experts and sector leaders, analysis of the Personal Safety Survey, Data Over Multiple Individual Occurrences (DOMINO) and Data Exchange (DEX) datasets and a targeted review of Australian and international literature. The research timeline limited the scope of payments, datasets and literature that could be investigated. The analysis and insights in this report should be considered as initial with further work required to form more substantive conclusions.

Insights

Insights from the research are structured in four sections.

1. Prevalence of family and domestic violence and receipt of government payments

This section explores the prevalence of family and domestic violence in the datasets including what is known about government payments. Key insights include:

- The data identifies approximately 11% of the Australian population have experienced current and or previous partner violence and approximately 36-40% of victim survivors of partner violence receive a government payment.
- Regarding prevalence within specific demographics, the data suggests First Nations communities, people with disability, people with young children and people living outside of major cities report disproportionately higher rates of violence and higher rates of receiving government payments, while people from culturally and

linguistically diverse communities report disproportionately low rates of violence and lower rates of receiving government payments.

2. The relationship between family and domestic violence, government payments and financial vulnerability

This section explores the relationship between family and domestic violence, government payments and financial vulnerability, to understand any relevant relationships. Key insights include:

- The literature unequivocally demonstrates that family and domestic violence negatively affects victim survivors' financial wellbeing.
- The data suggests that victim survivors of family and domestic violence are more likely to receive government payments than the general population and are overrepresented in lower deciles of personal weekly income.
- Victim survivors who receive government payments are more financially vulnerable than victim survivors who earn salary or wages and all recipients of government payments.

3. The impact of government payments on a victim survivor's decision to leave a violent relationship

This section examines the propensity of victim survivors who receive government payments to leave a violent relationship relative to victim survivors who don't receive payments and explores the complex factors that influence this decision. Key insights include:

- Victim survivors who receive government payments may be more likely to face challenges leaving a violent relationship (and may be more likely to highlight lack of money as the main barrier to leaving) than victim survivors who receive wages or salary and all victim survivors.
- Many victim survivors do not access government emergency financial support payments when leaving a violent relationship.
- The literature demonstrates that the design and delivery of government payments, particularly emergency financial support payments, create access barriers for victim survivors at the time of crisis.

4. The impact of government payments on a victim survivor's decision to return to a violent relationship

This section examines the propensity of victim survivors who receive government payments to temporarily leave a violent relationship, prior to leaving permanently, relative to victim survivors who don't receive payments, and explores how government payments might influence this decision. Key insights include:

- Victim survivors who receive government payments are slightly more likely to return to a violent relationship than victim survivors on salary or wages.
- Victim survivors of specific demographic groups appear to return at different rates. Culturally and linguistically diverse people, people with young children, people who are younger or older, and people living outside of major cities may be more likely to return.
- The literature demonstrates how elements of the current design and delivery, such as mutual obligations, discretionary exemptions and administrative errors, create barriers for victim survivors to maintain government income payments.

Conclusions

The research documented in this report does expand the relatively limited existing evidence base in relation to the impact of government payments on victim survivors escaping family and domestic violence. Specifically, it sets out what can (and cannot) be determined from analysis of the three datasets, the Personal Safety Survey, DOMINO and DEX. It also highlights the available evidence from literature, noting that in general there is very little literature available on the impact of government support payments on victim survivors of family and domestic violence.

Priority 1. Interrogate the hypothesis that government payments are inadequate for a victim survivor to decide to leave a violent relationship and not return

The research suggests that government payments may be inadequate for a victim survivor to decide to leave a violent relationship and not return, but there is a lack of data and literature to conclusively prove this hypothesis. The available evidence offers indications or inferences regarding the adequacy of government support payments, largely through highlighting the financial vulnerability of victim survivors of family and domestic violence more generally. Key insights which support this include:

- A victim survivor's decision to leave is highly complex, affected by many factors including safety of self and children, finances, housing, support system, and personal. Both government emergency financial support payments and long-term income support payments could affect decision-making.
- Prior to leaving, the nature of government income support payments may affect a victim survivor's likelihood to leave. Many victim survivors who leave do not access government emergency financial support payments despite likely eligibility, indicating that barriers in design and delivery are preventing access.
- Family and domestic violence appears to lead to financial hardship, especially when leaving. Likely due to this hardship, many victim survivors access government income support payments after leaving.
- Victim survivors who have left a violent relationship and receive government payments are financially vulnerable, compared to victim survivors on salary or wages, even at the same income decile. Financial hardship seems to be a common reason for people to return to a violent relationship.

There is evidence that victim survivors who receive government payments experience greater challenges in leaving and not returning to a violent relationship than victim survivors who do not receive government payments. This analysis is inconclusive but does more to support than disprove the hypothesis that government payments are inadequate for a victim survivor to decide to leave a violent relationship and not return.

Priority 2. Explore the challenges victim survivors face accessing government payments, including the application process, design and delivery of payments

It is highly likely many eligible victim survivors have difficulty accessing government emergency financial support payments at the time of crisis. The data suggests that a significant proportion of victim survivors either do not apply for or do not receive the Family Violence Crisis Payment or Escaping Violence Payment.

Not all victim survivors who need them can access and/or maintain government income support payments. The data shows that victim survivors are more likely to lose payments due to not meeting mutual obligations compared to other payment recipients, and these challenges appear to be compounded for particular demographic groups, including First Nations victim survivors, victim survivors with dependent children, victim survivors with disability, victim survivors living outside of major cities, and victim survivors with low levels of English.

The literature establishes that aspects of the design and delivery of both government income support and emergency financial assistance payments are impractical or unachievable for someone experiencing the impacts of family and domestic violence. These challenges with the create barriers to victim survivors being able to access and maintain the support that they are eligible for, when they need it.

Priority 3. Identify data and literature gaps, and make recommendations for how these may be addressed to enable improved understanding of the impact of government payments on victim survivors

There are significant data gaps and limitations, with the primary gap being the lack of longitudinal data that can reliably speak to the experiences of victim survivors. Targeted and immediate changes to the PSS and DOMINO datasets would improve the type and quality of the data and allow for better analysis in the short term. Longer term initiatives such as linking existing data sources, creating new data sets and investment into a large-scale longitudinal study would go a long way to addressing the current data gaps and improve the ability to understand the impact of government payments on victim survivors of family and domestic violence.

1 Introduction

1.1 Research context, objectives and methodology

1.1.1 Context

Family and domestic violence is a major health, economic, and welfare issue in Australia. Two in five women in Australia have experienced violence since the age of 15ⁱ, and on average one woman is killed every nine days by a current or former partner¹. The experience of family and domestic violence is a significant driver of disadvantage for victim survivors and their children, through physical and mental ill-health, injury and disability, unemployment and loss of assets, homelessness, or disengagement from school. For some communities such as Aboriginal and Torres Strait Islander, culturally and linguistically diverse, people with disability, carers of children and people living in regional and remote areas, the experience and effects of family and domestic violence are compounded.

A victim survivor's decision to escape or leave a violent relationship is complex and influenced by considerations of safety, finances, access to support systems as well as personal, cultural and religious beliefs. Evidence indicates that the inability to pay for housing and essential items is a significant barrier for victim survivors to leave a violent relationship, and that many who do leave end up in long-term poverty and/or homelessness.ⁱⁱ As the financial impacts of violence frequently result in a victim survivor's reliance on government payments to provide for their post-separation needs, the accessibility and sufficiency of government payments therefore becomes an important consideration and potentially decision-making factor. As such, a deeper understanding of the role of government payments in a victim survivor's decision-making is necessary to be able to better support people to leave situations of family and domestic violence.

Further, it is well-known from the literature and within the family and domestic violence sector that a victim survivor may leave a violent relationship a number of times before finally leaving permanently or returning permanently.ⁱⁱⁱ This 'churn' is the manifestation of a complex dynamic where a victim survivor leaves due to safety or other considerations but is then unable to sustain living separately from the perpetrator for financial or other reasons and returns.

To better understand this situation, Social Ventures Australia (SVA) was engaged by the Economic Inclusion Advisory Committee (the Committee), through the Department of Social Services (DSS), to conduct research regarding the impact of government payments on victim survivors escaping family and domestic violence. This report has been prepared to input into the Committee's independent advice to government on economic inclusion and tackling disadvantage before the 2025/2026 Federal Budget.

Due to the Committee's timelines, which limited time for in depth analysis and prohibited access to additional datasets for this research, the analysis and insights in this report should be considered as initial with further work required to form more substantive conclusions. Limitations associated with the analysis in this report are further outlined in Appendix 1: Methodology, whilst additional analysis has been recommended for future research in the Conclusions. Due to timeframes and the Committee's priorities, the research was also not able to include consultations with victim survivors to better understand their actual experiences and contextualise the results of the data.

Despite these caveats, the analysis and insights outlined in this report are an important contribution to inform the Committee's advice.

1.1.2 Research objectives

The objective of this research is to expand the evidence base in relation to the impact of government support payments on the decision of a victim survivor to leave a violent relationship through analysing relevant national

¹ Calculated from Bricknell S 2023. Homicide in Australia 2020–21. Statistical Report no. 42. Canberra: Australian Institute of Criminology. Note however, that in April 2024 media reported that the rate for the year was one woman every four days.

datasets and data about government payments provided by DSS, as well as to document current literature on this issue. Government payments includes both income support payments and emergency financial support.

A primary focus agreed with the Committee was to interrogate the hypothesis that government payments are inadequate for a victim survivor to decide to leave a violent relationship and not return. This is a complex hypothesis to analyse, as the decision to leave or return includes many factors and government payments can both serve to alleviate and entrench financial issues. In addition, the three datasets used for this analysis are limited in their ability to identify family and domestic violence, as well as instances of leaving or returning to a violent relationship. This creates additional challenges when attempting to disentangle the impact of government payments from other complex factors which affect the financial situation of victim survivors. There is also limited literature that explores government payments specifically in family and domestic violence contexts. With these limitations, this report reflects best efforts to explore the hypothesis using available data and evidence.

A secondary focus was to explore the challenges victim survivors face accessing government payments including the application process, design and delivery of payments. Although a very important issue, the complexity of the current system meant investigating this issue in any depth was not possible given the Committee's timelines. However, a synthesis of the evidence from the literature which could be reviewed in the time available has been included.

A third focus was to identify data and literature gaps, and to make recommendation for how these may be addressed to enable better understanding of the impact of government payments on victim survivors of family and domestic violence. This is set out in the Conclusions.

1.2 Research approach

1.2.1 Scope

Given the Committee's timelines, the scope of the data analysis focused on five Government income support and emergency financial support payments provided by DSS and set out in Table 1 below.

Table 1. Government payments in scope. See Appendix 3: Payment eligibility requirements for a detailed breakdown of payment eligibility

	JobSeeker	Parenting Payment	Family Violence Crisis Payment	Escaping Violence Payment	Disability Support Pension
Description	Financial help if you are between 22 and Age Pension age and looking for work, are sick or injured and cannot do your usual work or study for a short time.	The main income support payment while you are the principal carer of a child under 16.	A one-off non-taxable payment if you have experienced an extreme circumstance and are in severe financial hardship.	Financial assistance and confidential support to help you move forward and set up a home that is free from violence.	Financial help if you have a physical, intellectual or psychiatric condition that is likely to persist for more than 2 years and stops you from working.
Maximum basic rate for a single person	Fortnightly payment \$778.00 - \$1007.50	Fortnightly payment of \$1,007.50	Total of up to 4 payments in a 12-month period equal to a week's pay at the maximum basic rate of your income support payment or ABSTUDY Living Allowance	\$5,000, including: • up to \$1,500 in cash (or cash equivalent depending on the person's needs and preferences), and • up to \$3,500 in goods and services such as removalists, bonds, or household items.	Fortnightly payment of \$1,047.10

The Disability Support Pension was not analysed in depth but used as part of a proxy to understand the experiences of people with disability.

Note that Commonwealth Rent Assistance, Family Tax Benefit, the Youth Allowance and the Age Pension were out of scope for this analysis, but may be worth exploring in future research.

See Appendix 4: Profile of victim survivors for an outline of the profile of victim survivors considered in this research, largely based on the data collected in the three datasets analysed.

1.2.2 Methodology

A mixed-method research methodology was employed to investigate the research objective. This included:

- Consultation with 11 individuals including Committee members, experts on government payments and family and domestic violence sector leaders and frontline workers to understand at a high level the current state of knowledge on the impact of government payments on victim survivors escaping family and domestic violence. Names of those consulted are listed in Appendix 1: Methodology.
- Analysis of the relevant datasets which capture information regarding the five payments described in Table 1 above, to generate insights against the research objectives. These are described in 2.3 Data sources below.
- A targeted review of Australian and international literature to provide descriptive detail or additional context to insights from the data analysis. This review also provides evidence, where available, to answer the primary and secondary focus areas outlined in Research objective above, where this was not possible from the data.

Professor Roslyn Russell, an academic specialising in the impacts and drivers of victim survivors' financial insecurity, provided subject matter and research guidance and expertise.

A detailed methodology is provided in Appendix 1: Methodology.

1.3 Data sources

1.3.1 Datasets

Three datasets were analysed in the research.

- **Personal Safety Survey (PSS):** A five-yearly survey of ~10,000-22,000 people about their experiences with safety and family and domestic violence, last conducted in 2021/22. The PSS survey and dataset is administered and managed by the Australian Bureau of Statistics (ABS).
- **Data Over Multiple Individual Occurrences (DOMINO):** A longitudinal event-based dataset on social security payments in Australia, which includes all people who have ever received DSS payments. The DOMINO dataset is managed by the Australian Institute of Health and Welfare (AIHW).
- **Data Exchange (DEX):** A data collection system mainly used for recording data from DSS funded service providers, which contains data on the Escaping Violence Payment pilot. The DEX dataset is managed by DSS.

Each of the three datasets has limitations relevant to this work. The most important limitations are summarised below.

- **PSS:** Due to its point-in-time nature, the PSS survey is most useful to explore the effects of, rather than the decision-making around, family and domestic violence. There is also limited ability to understand the causes of any relationships found. Also, the 2021 dataset is significantly smaller than the 2016 dataset, limiting its utility. For this reason, both 2016 and 2021 PSS data are analysed in this report where appropriate. There is also no specific data on First Nations victim survivors in the PSS dataset because First Nations identification is not a question in the PSS survey.
- **DOMINO:** The most significant limitation in this dataset is that DOMINO does not have an explicit flag for domestic violence. As a result, the analysis has used recipients of the 'Crisis Payment - extreme circumstances

domestic & family violence' (referred to in this report as the Family Violence Crisis Payment), which is a sub-set of victim survivors who have met the stringent criteria for access to this payment. This also means that data is only available from 2020 due to data recording issues prior to this time. Finally, data on recipient relationships also appears to be unreliable, only capturing marriage, de-facto and registered relationships reported to Services Australia. This means that DOMINO does not have a reliable flag for returning to a violent relationship.

- **DEX:** DEX data contains those recipients that successfully received the Escaping Violence Payment for FY24 only. Whether a victim survivor returned to a violent partner cannot be identified in the dataset. Due to DSS release policy the total quantum of recipients of the Escaping Violence Payment was not available for the research.

Statistical significance has been assessed for each dataset where possible and relevant, to ensure that the research make conclusions which are likely to be true reflections of the experience of victim survivors:

- **PSS:** The ABS Standard Error has been used to for error bars for many PSS charts. In-depth significance testing was not conducted due to not having access to the underlying sample figures.
- **DOMINO:** Significance has been assessed primarily using Pearson's Chi Squared test as in most cases the predictor and outcome variable are both categorical. The p value threshold for significance being used is 0.05.
- **DEX:** Significance testing was not possible due to lack of data access.

A full explanation of the limitations of each dataset and implications for the research, is outlined in Appendix 1: Methodology.

In the report, population sizes (N) are reported for each analysis. Reporting population (or sample size) was not possible in PSS, as the ABS does not make the underlying population or sample size available. Sample size is not relevant for DOMINO and DEX as the data contained the entire population of people receiving payments and thus the entire population could be analysed.

Due to the Committee's timelines and data access limitations, the research did not include analysis of other potentially relevant datasets such as the Household, Income and Labour Dynamics survey (HILDA) and data from Services Australia which is not captured in DOMINO or DEX.

1.3.2 Literature

The literature reviewed was identified through a combination of recommendations from subject matter experts including Professor Roslyn Russell, as well as key word searches in public search engines and university databases. The research took an expansion approach to the literature reviewed, which included a mix of academic research, advocacy reports, payment and program evaluations, parliamentary committee reviews and media articles.

A full list of all literature referenced in this report is available in Appendix 6: Endnotes.

1.4 Key definitions

The datasets and literature analysed in this report apply different definitions to important terms. In particular, the three datasets have distinct and strict definitions that affect interpretation of data analyses.

Two important definitions in this category are *violence* (and *victim survivor* as the recipient of the violence) and *financial hardship* and *financial vulnerability*. The following outlines the definitions used in this report and approach taken in the research to managing these differences.

Definitions of violence (and victim survivor)

The three datasets and literature focus on different but overlapping experiences of violence by victim survivors of a range of profiles.

PSS: The PSS dataset focuses on violence from a current or former partner, referred to as partner violence. This dataset also provides separate information on emotional and economic abuse as forms of violence. Unless

otherwise stated in the analysis, analysis regarding partner violence based on PSS data only includes physical violence. In PSS, victim survivors are of all genders and are survey participants who report having experienced physical and sexual assault, family and domestic violence, stalking, sexual harassment, and/or childhood abuse. The total population in PSS includes all survey participants whether they are partnered or not, and were ever partnered or not.

DOMINO: The DOMINO dataset includes data regarding all recipients of any government payment. As noted in 2.3.1 Datasets and in Appendix 1: Methodology there is no specific identifiers of family and domestic violence victim survivors in DOMINO. DOMINO does allow identification of recipients of the Family Violence Crisis Payment and as such a potential subset of victim survivors. Eligibility for this payment includes experiencing 'family and domestic violence' with no further detail provided. A victim survivor can be of any gender for the purposes of the Family Violence Crisis Payment.

DEX: The DEX dataset includes data regarding recipients of the Escaping Violence Payment. A recipient of the Escaping Violence Payment is required to have experienced violence from an intimate partner which includes

- Physical, verbal or sexual abuse
- Emotional, spiritual or psychological abuse
- Economic abuse
- Threatening, coercive, or seeking to control or dominate the other person.

An intimate partner is defined as a person a victim survivor is in a relationship with such as a husband, wife, boyfriend, girlfriend or partner. A victim survivor can be of any gender.

Literature: Most of the literature explicitly focuses on women who experience intimate partner violence but also includes exploration of family and domestic violence and the experiences of all profiles of victim survivors. Despite these differences, the methodology undertaken in the research considers the insights drawn from across datasets and literature broadly comparable.

In this report, the more expansive and inclusive definition of *family and domestic violence* and *victim survivor* is used. For example, when family and domestic violence is used as a term, it refers to violent, threatening and controlling behaviour that occurs within an intimate relationship, including between partners, family members, culturally recognised family groups or non-family carers. A reference to intimate partner violence, which is a term used in the literature, means any behaviour between intimate partners that causes physical, sexual, economic or psychological harm^{iv}.

A person who experiences any form of violence is described as a victim survivor and a person who performs violence is described as the perpetrator. A victim survivor or perpetrator can include women, men, gender non-binary people, children and elderly people. In PSS analysis, unless otherwise stated, when family and domestic violence is used it applies to partner violence only.

Definition of financial hardship and financial vulnerability

Financial hardship is temporary difficulty meeting one's needs (paying rent, purchasing food) or financial obligations (making a credit card or car loan repayment).^v Financial hardship is an eligibility criterion for the Family Violence Crisis Payment and the Escaping Violence Payment. The JobSeeker Payment, Parenting Payment and Disability Support Pension are subject to income and asset tests, but financial hardship is not an explicit criterion.

Financial vulnerability refers to a range of internal and external factors that make someone more susceptible to experiencing financial hardship. These factors include family and domestic violence, ill health, homelessness, disability, education level, limited English proficiency, and adverse life events such as unemployment.^{vi} Due to the stringent requirements for access to government payments, an assumption is made in this research that if a victim survivor is eligible for or accesses government payments of any type, they are considered financially vulnerable.

A full glossary of all key definitions (as defined by the datasets and the literature) is provided in Appendix 2: Key definitions.

2 Insights

Insights from the research are structured in four sections and the purpose of each section is set out below.

- **Prevalence of family and domestic violence and receipt of government payments:** This section explores the prevalence of family and domestic violence in the datasets, including what is known about the number of victim survivors who receive government payments. The purpose of this section is to outline the scale, where possible, of relevant victim survivor cohorts considered for the research, particularly in the context of government payments.
- **The relationship between family and domestic violence, government payments and financial vulnerability:** This section explores the relationship between family and domestic violence, receipt of government payments and financial vulnerability to better understand the relevant characteristics of victim survivors who receive government payments as well as identify potential intersections or relationships.
- **The impact of government payments on a victim survivor's decision to leave a violent relationship:** The purpose of this section is to examine the behaviour of victim survivors who receive government payments relative to those who don't receive government payments and to compare the propensities to stay or leave a violent relationship. It explores, where possible, the complex considerations that factor into leaving a violent relationship and the role of government payments in this decision. The decision to leave is analysed separately from the decision to return as the literature indicates these decisions have different considerations for victim survivors and could potentially be influenced differently by government payments.
- **The impact of government payments on a victim survivor's decision to return to a violent relationship:** The purpose of this section is to examine the behaviour of victim survivors who have left a violent relationship and receive government payments relative to those who have left and don't receive government payments, to compare the propensities to temporarily rather than permanently leave a violent relationship, and examine how government payments might influence the decision to return to a violent relationship.

As previously noted, data limitations and gaps place limitations on the extent to which these insights can be conclusive. Where relevant, these are outlined in the introduction of each section, in 3. Conclusions and in Appendix 1: Methodology.

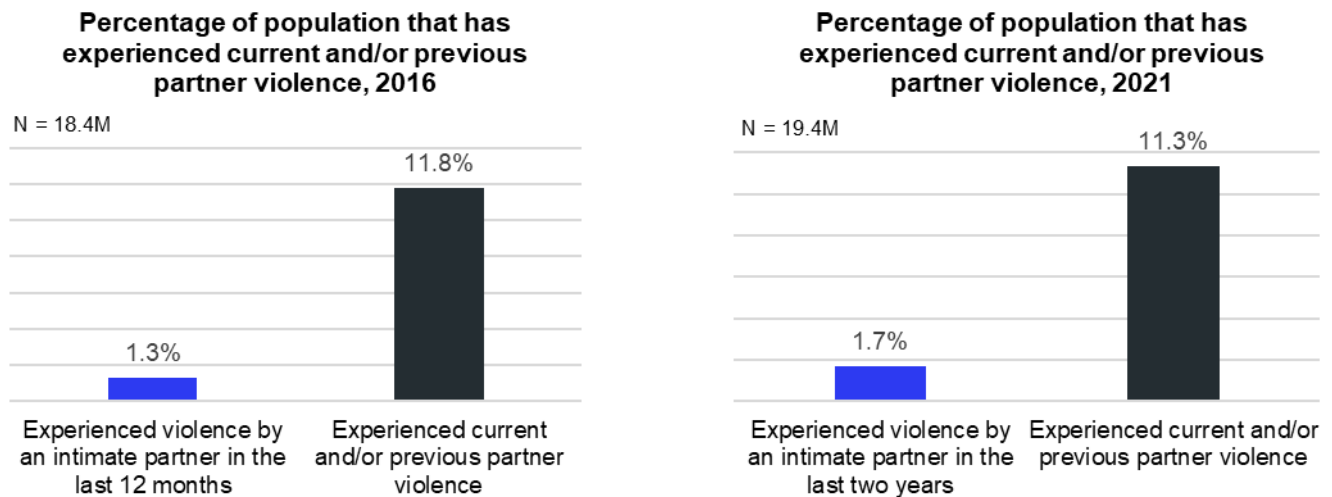
2.1 Prevalence of family and domestic violence and receipt of government payments

This section outlines relevant information regarding the prevalence of family and domestic violence, including across specific cohorts of victim survivors, from the three datasets analysed. Where possible, it highlights information regarding the prevalence of family and domestic violence for people in receipt of government payments.

2.1.1 Prevalence of family and domestic violence

According to the PSS, in 2016 approximately 2.2 million people in Australia experienced partner violence, representing 11-12% of the total population (Figure 1). There is evidence to suggest that partner violence has fallen between 2016 and 2021, with the proportion of the general population that reported having experienced current partner violence falling from 2.3% to 1.4%. However, there are extraneous factors that make comparing 2016 and 2021 data less reliable (see Data sources and limitations in Appendix 1: Methodology). Further, the PSS does not provide consistent information regarding timelines for current partner violence. The PSS 2016 records the experience of violence within the last twelve months, whilst PSS 2021 records those who experienced partner violence in the previous two years.

Figure 1. Prevalence of current and previous partner violence, PSS 2016 and 2021



First Nations people

There is no First Nations identifier within PSS, so there is no data available on the prevalence of partner violence in First Nations communities in this dataset. An estimated 9%² of people who have experienced family and domestic violence identify as First Nations, compared with First Nations people representing only 3.8% of the Australian population. The literature highlights that First Nations women experience family and domestic violence at significantly higher rates than non-Indigenous women. First Nations women are 32 times more likely to be hospitalised and six times more likely to die due to violence, with the majority of cases involving intimate partner violence^{vii}. Family and domestic violence against First Nations people is deeply rooted in the ongoing impacts of colonisation, which disrupted traditional social systems^{viii}. These effects have been compounded by systemic racism, socio-economic disadvantage, and geographic isolation.

Culturally and Linguistically Diverse people

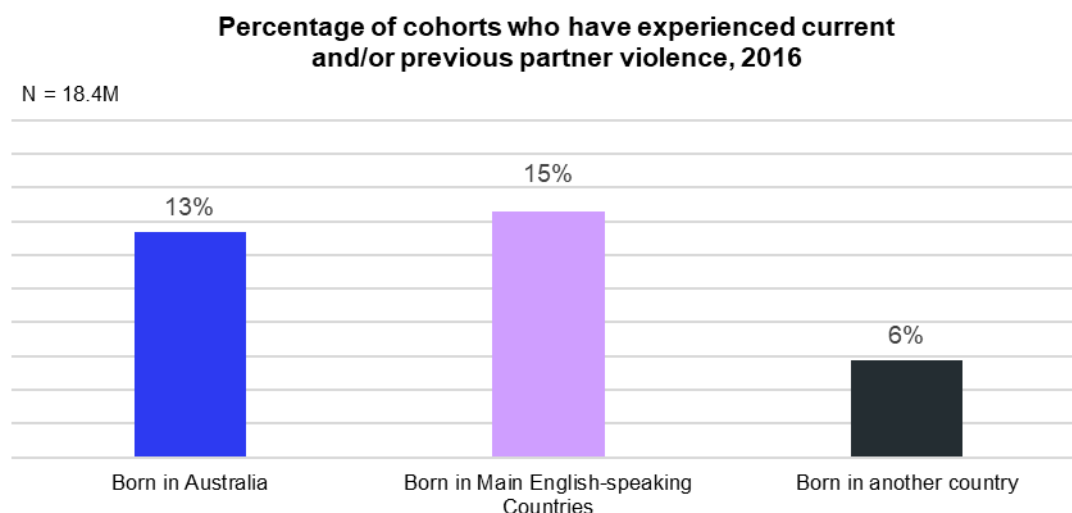
Approximately 6%³ of Culturally and Linguistically Diverse (CALD) people report having experienced family and domestic violence, despite representing 19.7%⁴ of the Australian population. From the PSS, people born in a non-main English-speaking country seem to be less likely to report experiencing a violent relationship than those born in Australia or in a main English-speaking country (Figure 2). The literature notes that CALD women's help-seeking behaviour can be influenced by cultural values and beliefs, for example that violence within marriage is a private matter or family honour and loyalty are to be prioritised. For many women, the fear of social ramifications if these values are not adhered to is a strong deterrent to seeking help within or outside their communities.^{ix} This may partly explain the underreporting of experiences of violence.

² Estimate based on dividing NATSIHS 2018-19 estimate for 'First Nations people aged 15 and over who had experienced physical harm from a family member in the 12 months before the survey' by the 2021 PSS estimate of 'Experienced partner and/or family member violence in last 12 months'

³ Estimate based on victim survivors who were born in countries where English isn't the main language, PSS 2016

⁴ Estimate based on people who were born in countries where English isn't the main language, [PHIDU 2021](#)

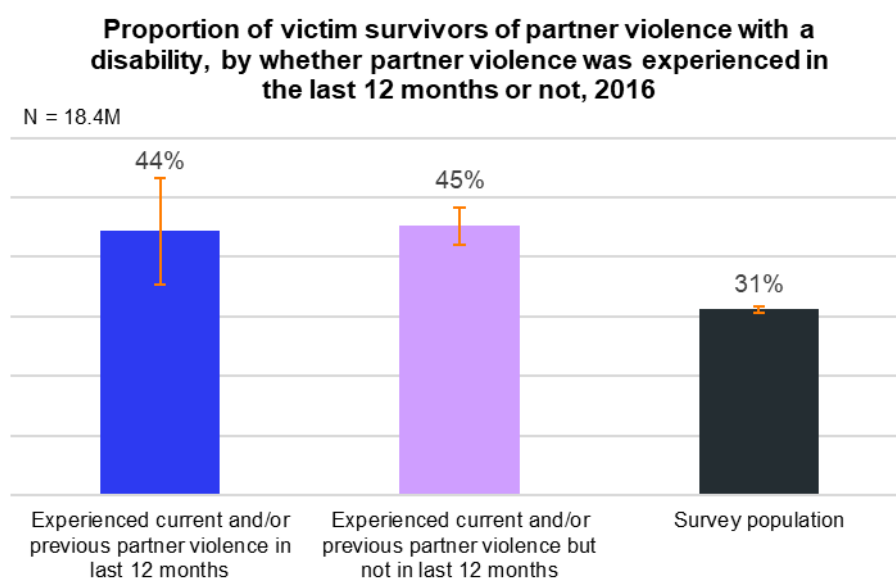
Figure 2. Percentage of people who have experienced partner violence, by country of birth, PSS 2016



People with disability

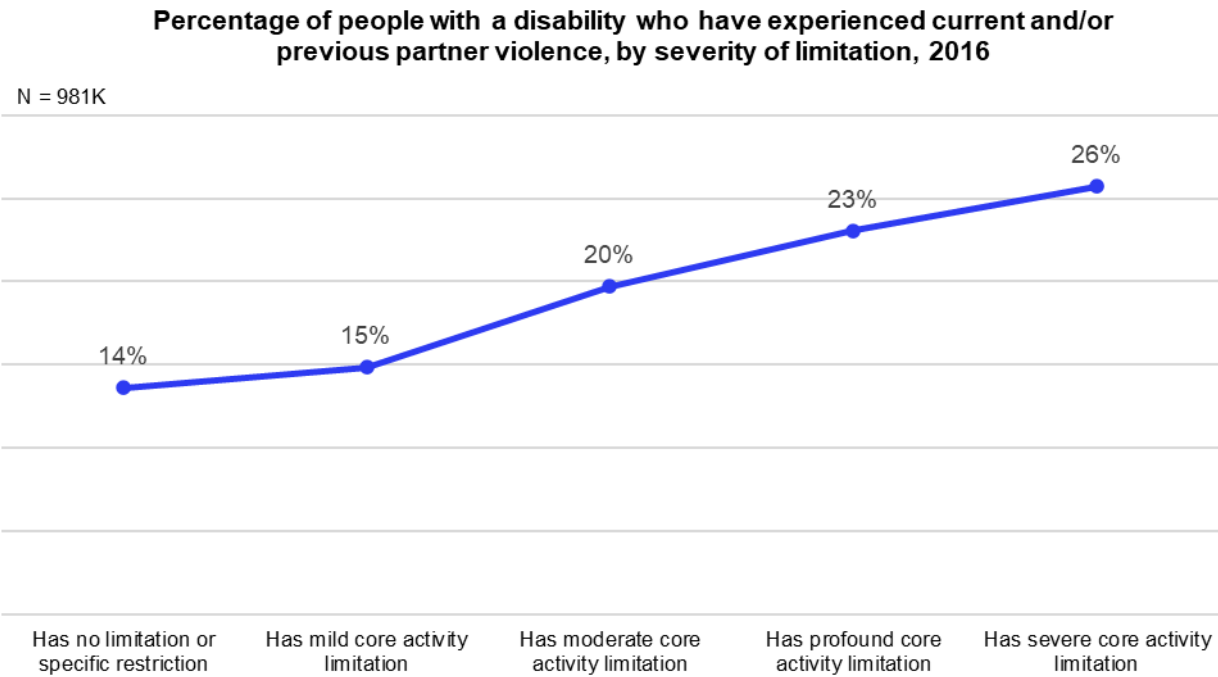
From the PSS, people with a disability represent almost half of all victim survivors of partner violence, and more severe activity limitations seem to be associated with a higher likelihood of experiencing partner violence (Figure 3, Figure 4). The 2016 PSS reports 45% of people who have experienced partner violence have a disability, compared to 31% of the PSS total survey population, and 21% of the Australian population based on the ABS Survey of Disability, Ageing and Carers.⁵ The literature supports these figures, evidencing that girls and women with disability experience violence significantly more frequently than people with disability generally or women without disability.^x People with disability who experience violence commonly face 'disability specific abuse', such as over or under medication, withholding personal care (e.g. hygiene or dressing), restricting access to assistive devices (e.g. wheelchair), controlling government payments or insulting the victim survivor about their disability.^{xi}

Figure 3. Proportion of victim survivors of partner violence who have a disability, by whether the partner violence was experienced within the last twelve months or not, in comparison to the survey population, PSS 2016



⁵ The reason for the discrepancy between the estimate from PSS (31%) and the estimate from the ABS Survey of Disability, Ageing and Carers (21%) is unclear. One hypothesis is that PSS includes people who self-assess as having a disability but do not have any limitations or specific restrictions. Removing this group gives an estimate from PSS of 21% of people have a disability leading to limitations or restrictions.

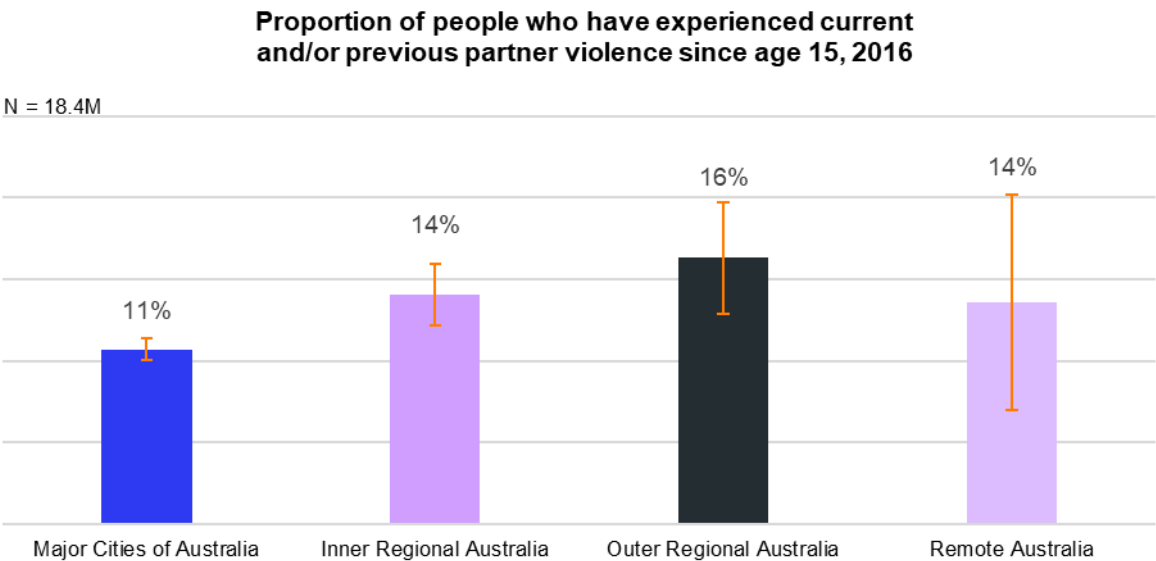
Figure 4. Percentage of people with a disability who have experienced partner violence, by severity of limitations, PSS 2016



People living outside of major cities

PSS data shows that a greater proportion of people living outside of major cities of Australia have experienced partner violence than those within major cities (Figure 5). The literature highlights that family and domestic violence occurs at higher rates in rural locations. The geographic isolation of regional and remote areas, where home may be an unwalkable distance to neighbours or town and where there may not be any public transport, can be utilised by perpetrators to restrict freedom of movement and intensify social isolation for victim survivors.^{xii} International studies show that women in rural areas are particularly vulnerable to stalking, use of weapons and domestic homicide.^{xiii} This is supported by Australian research that shows there are higher rates of threats and use of guns in regional and remote areas and proposes that the long distances emergency services need to travel may result in higher death rates.^{xiv}

Figure 5. Proportion of people who have experienced partner violence, by remoteness, PSS 2016



Parents and young people

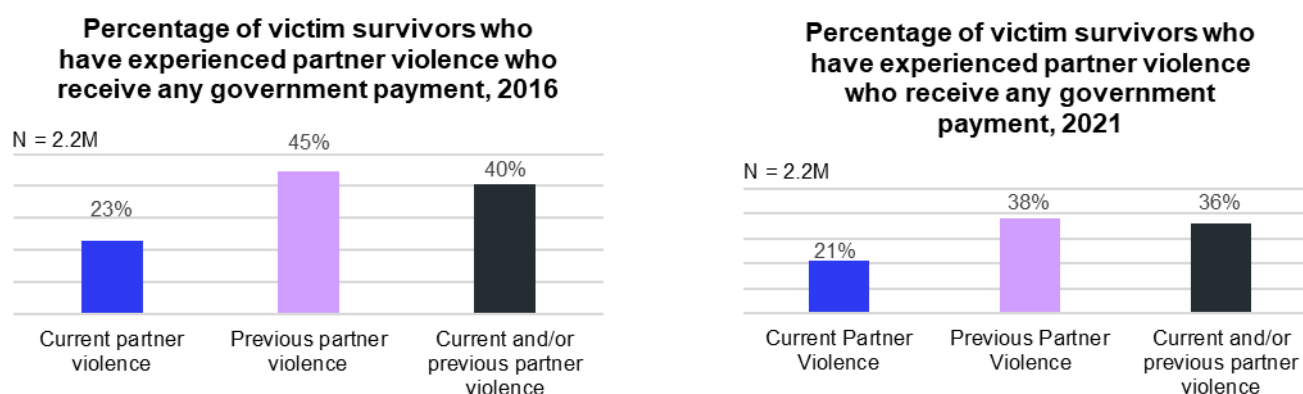
From the 2016 PSS, parents with children may be disproportionately represented as victim survivors of partner violence, with 66% of victim survivors reporting having any child under 18, compared to 52% of the Australian population. Victim survivors with children are more likely to receive government payments than victim survivors without children - 45% of victim survivors with any child under 18 receive government payments, compared to 37% of victim survivors without any children. The literature highlights that pregnancy can be a trigger for family and domestic violence to begin or escalate in severity. It is posited that perpetrators find the autonomy and independence that women experience during pregnancy threatening to traditional gender norms that men should control a relationship and household.^{xv} It is common for perpetrators to use children as part of the violence against a victim survivor. Examples of this include through violence threatened against a child, violence carried out against the victim survivor in front of their child, threats to remove or restrict access to the child, turning a child against the victim survivor, or using the child to seek out information about the victim survivor's location and movements.^{xvi} It is estimated that at least 55% of children who witness intimate partner violence against a parent experience violence themselves (noting the methodological difficulty of distinguishing between witness and experience).^{xvii}

Young people, by contrast, seem to be less likely to experience partner violence, with 4% of victim survivors reporting being aged 18-24, compared to 12% of the Australian population in 2016 PSS.

2.1.2 Government payments received by victim survivors

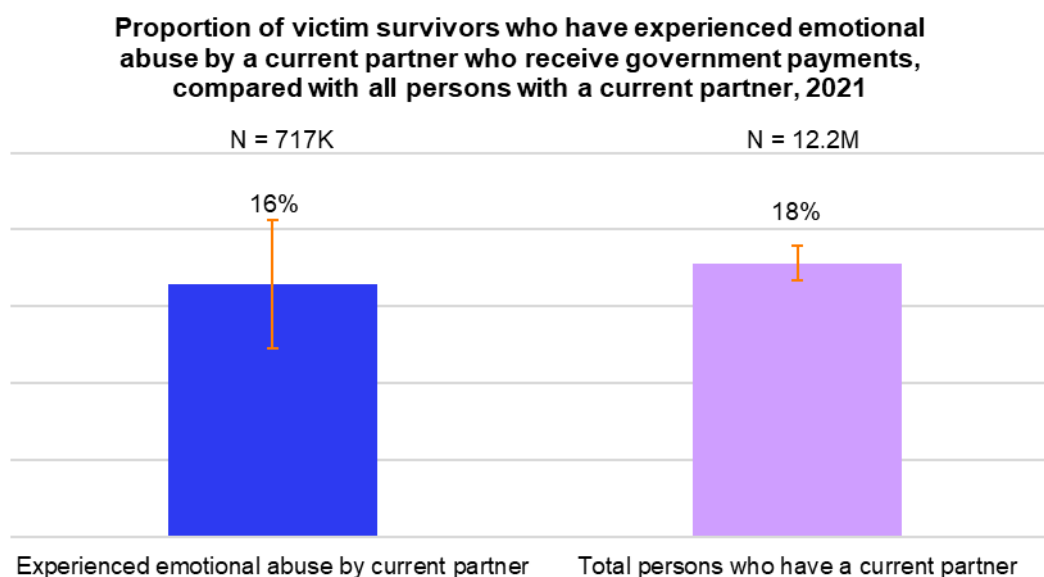
Approximately 36-40% of victim survivors of partner violence in the PSS receive any government payment, representing approximately 800,000-900,000 people (Figure 6). A greater proportion of victim survivors who have experienced previous partner violence receive any government payments (38-45%) than victim survivors who experience current partner violence (21-23%). This implies there is a cohort of victim survivors who were not eligible for government payments (or did not apply for payments) before leaving a violent relationship, who then became eligible for government payments after leaving a violent relationship and successfully applied. Those who receive a Family Violence Crisis Payment must already receive a government income support payment as part of the eligibility requirements, therefore the ability to explore this implication further within the DOMINO dataset is limited.

Figure 6. Percentage of victim survivors who have experienced partner violence who receive government payments, PSS 2016 and 2021



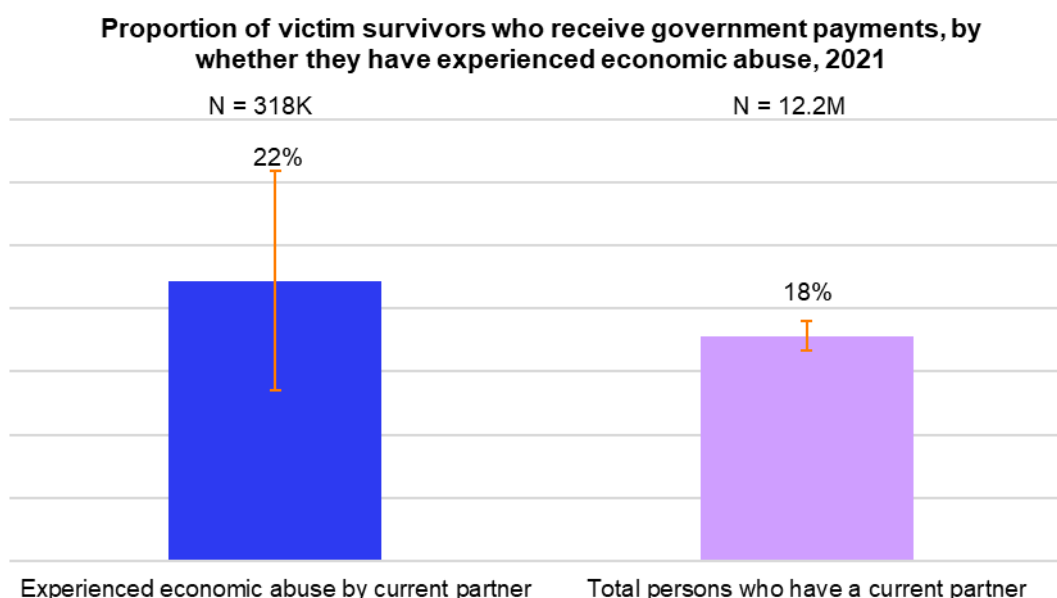
From the PSS, Victim survivors who have experienced emotional abuse from a current partner are slightly less likely to receive any government payment than all people with a current partner, although this finding is not statistically significant (Figure 7). More detailed analysis on emotional abuse was limited due to small sample sizes.

Figure 7. Prevalence of emotional abuse, by receipt of government payments and allowances, PSS 2021



According to the PSS, people with a current partner who receive government payments may be more likely to experience economic abuse than people with a current partner who do not receive government payments, although this finding is also not statistically significant (Figure 8). Analysis on economic abuse was limited as data on economic abuse was only first collected in the 2021-22 PSS survey.

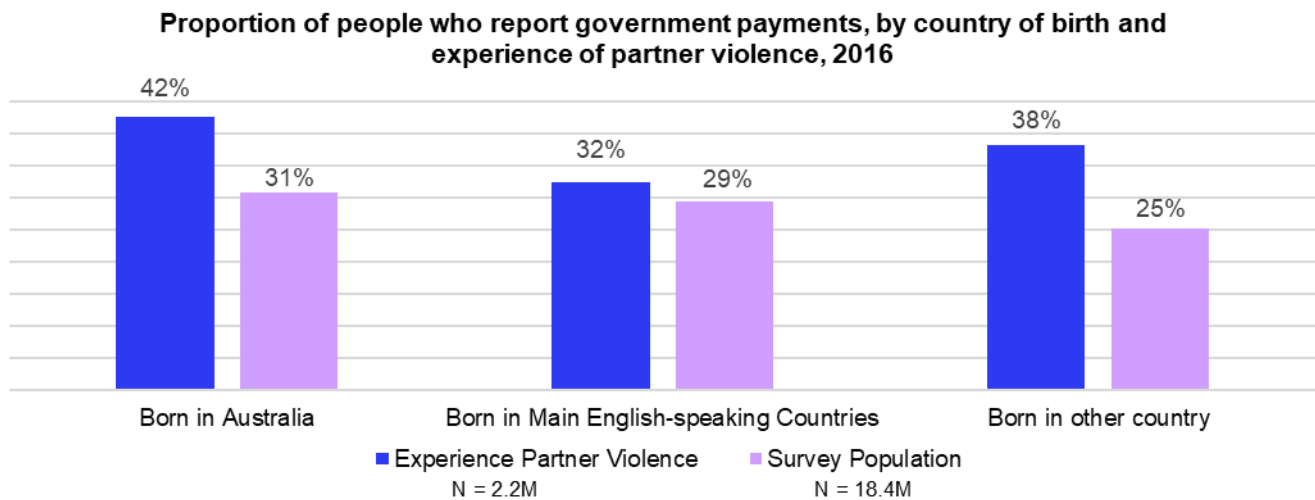
Figure 8. Prevalence of economic abuse, by receipt of government payments, PSS 2021



CALD people

From the PSS, people born in a non-main English-speaking country were more likely to report receiving a government payment if they had experience of being in a violent relationship than those born in a main English-speaking country (Figure 9). The literature explains that CALD victim survivors can face more limited access to employment opportunities and smaller or no support networks than non-CALD people, which may increase the need for government support payments.^{xviii} Note that these are CALD people who with residence status sufficient to satisfy government payment eligibility criteria.

Figure 9. Percentage of people who report receiving government payments, by whether they have experienced partner violence and country of birth, PSS 2016



People living outside of major cities

From the 2016 PSS, 49% of victim survivors who reside outside of capital cities receive any government payments, compared to 35% of victim survivors who live in a capital city.

2.2 The relationship between family and domestic violence, government payments and financial vulnerability

This section explores the relationship between family and domestic violence, government payments and financial vulnerability. This section is largely based on PSS data analysis but also synthesises relevant literature on the negative impact of family and domestic violence on a victim survivor's financial wellbeing.

The overall insights from this section are:

- The evidence from the literature shows unequivocally that family and domestic violence negatively affects a victim survivor's financial wellbeing.
- Victim survivors of family and domestic violence are more likely to receive government payments than all people with a partner and are overrepresented in lower deciles of personal weekly income (which is related to receipt of government payments).
- Victim survivors who leave a violent relationship are more likely to rely on government support payments as a main source of income.
- Victim survivors who receive government payments are more financially vulnerable than victim survivors who earn salary or wages and all recipients of government payments.
- Reliance on government payments as main source of income and payment inadequacy exacerbates financial hardship for victim survivors who have left a violent relationship.

The financial vulnerability of victim survivors receiving government payments appears to hold even when controlling for income, although this is not conclusive due to statistical uncertainties within the data. DOMINO and DEX data can only be used to understand how many victim survivors accessed the Family Violence Crisis Payment and the

Escaping Violence Payment, but not to estimate overall numbers of victim survivors in receipt of government payments⁶.

There is insufficient statistical certainty within the data to conclude there is a causal relationship between government payments and the financial vulnerability of victim survivors. Inferences can be made based on the data available, some of which are broadly supported by the literature, but definitive conclusions require further research.

2.2.1 Family and domestic violence negatively affects a victim survivor's financial wellbeing

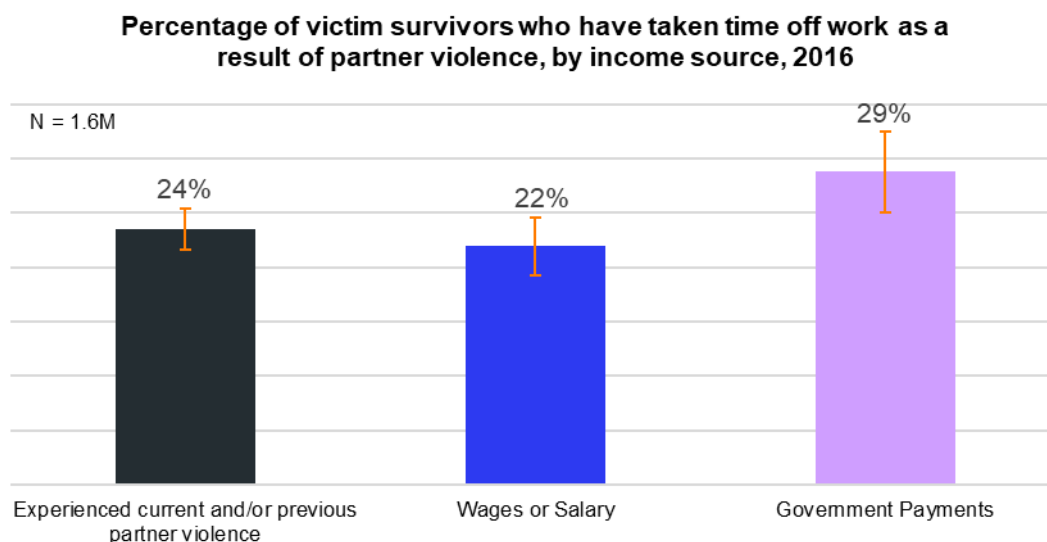
There is evidence from the literature, supported by the PSS data, that family and domestic violence can diminish a victim survivor's financial wellbeing. Four common issues noted in the literature which contribute to diminished financial wellbeing include loss of employment income, loss of access to assets, increased costs due to separation and being prevented from accessing financial support.

2.2.1.1 Loss of employment income

Family and domestic violence can impact a victim survivor's ability to engage in sustained employment, resulting in loss of income. A perpetrator can stop a victim survivor from going to work or intervene in their workplace. Victim survivors can miss work due to injury, disability or mental health issues sustained from the violence, or the need to attend court and/or look for new housing. There is often little or no affordable childcare available, or the cost of childcare is so high relative to a victim survivor's potential income that employment becomes financially unviable.^{xix}

From PSS 2016 data, nearly a quarter of all victim survivors have had their employment affected as a result of partner violence. Victim survivors who received any government payment were slightly more likely to have taken time off work as a result of partner violence than those earning wages or salary or all victim survivors (Figure 10).

Figure 10. Percentage of victim survivors who have taken time off work as a result of partner violence, PSS 2016



2.2.1.2 Loss of access to assets and increased costs due to separation

Literature shows that family and domestic violence affects a victim survivor's ability to access their assets. A perpetrator can restrict a victim survivor's access to shared or personal income, savings, or property. When a victim survivor leaves the home, they are often unable to take any belongings with them. A perpetrator can make

⁶ The DOMINO and DEX datasets only contain those that have successfully applied for government payments relating to family and domestic violence. They cannot speak to how many victim survivors receive non-emergency government payments, as there is likely a substantial number of people who experience violence and have government income but do not receive emergency payments. See Data and limitations in Appendix 1: Methodology.

settlement of joint assets so protracted, stressful, expensive or dangerous that victim survivors choose not to pursue it.^{xx}

At a high level, PSS data supports this. From the PSS 2016 survey, 64% of victim survivors left property or assets behind when the relationship with the violent partner ended. Victim survivors who have received government payments appear to be slightly more likely to have left assets behind, though the finding is not statistically significant.

Evidence in the literature also shows separation from an intimate partner incurs a variety of one off and ongoing costs for victim survivors. These commonly include purchasing furniture, goods and appliances to set up a new home, housing costs, legal fees and childcare.^{xxi}

2.2.1.3 Prevented from accessing eligible financial supports

Literature demonstrates that economic abuse often continues or commences post separation. Perpetrators of family and domestic violence will often take measures to avoid paying child support, impacting the financial wellbeing of victim survivors. In June 2024, there was an estimated \$2 billion in outstanding child support in Australia^{xxii}.

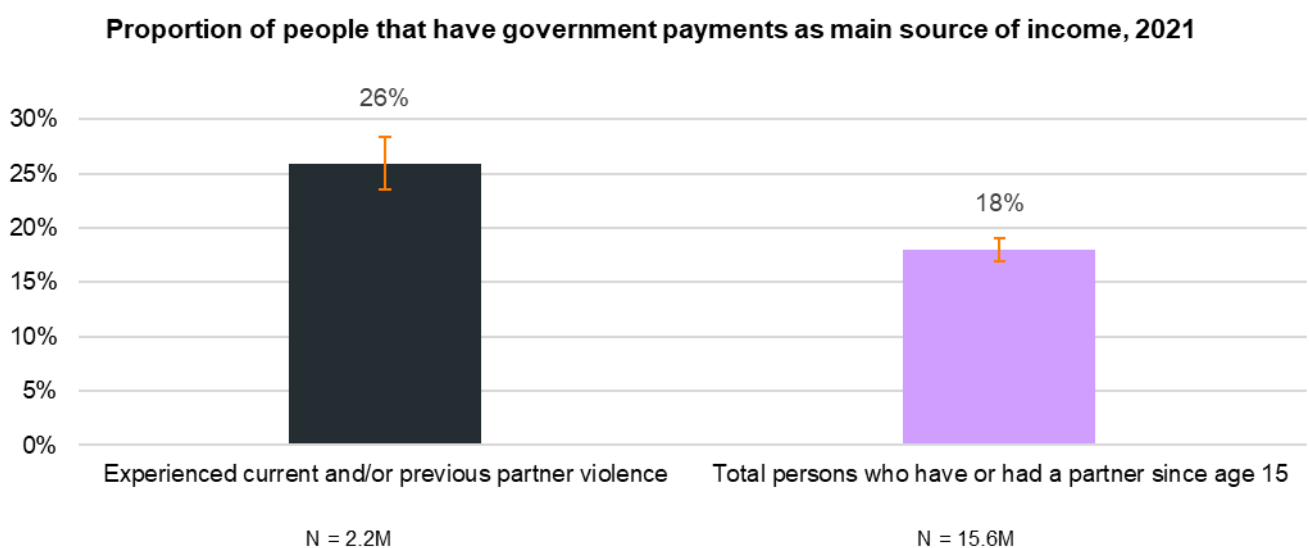
Further, the perpetrator may withhold or intentionally provide incorrect information so that a victim survivor is incorrectly assessed as ineligible to receive government payments, the amount they receive can be lower than they could be entitled to, or the payments are paused or terminated.^{xxiii}

As highlighted earlier, economic abuse appears to be more prevalent amongst victim survivors who receive government payments, with further analysis constrained by data limitations.

2.2.2 Victim survivors are more likely to receive government payments than all people with a partner and are overrepresented in lower deciles of personal weekly income

From PSS, victim survivors of family and domestic violence are more likely to receive government payments as their main source of income compared to the general population of people who have or had a partner (Figure 11). This suggests that either the experience of family and domestic violence leads to people being more likely to access government payments, or and less likely given the literature, that people who are on government payments are more likely to experience family and domestic violence.

Figure 11. Proportion of people that receive government payments as main source of income, by whether they experienced partner violence and total persons who have/had a partner, PSS 2021



In addition, according to the PSS, victim survivors are overrepresented in lower deciles of personal weekly income, which aligns with receipt of government payments (Figure 12 and Figure 13). In particular, victim survivors receiving government payments are overrepresented in the fourth decile of gross weekly personal income, which represents a median weekly income of \$475 in 2016 (Figure 12). There were insufficient sample sizes to conduct the same analysis for PSS 2021.

Figure 12. Victim survivors by gross personal weekly income decile, PSS 2016

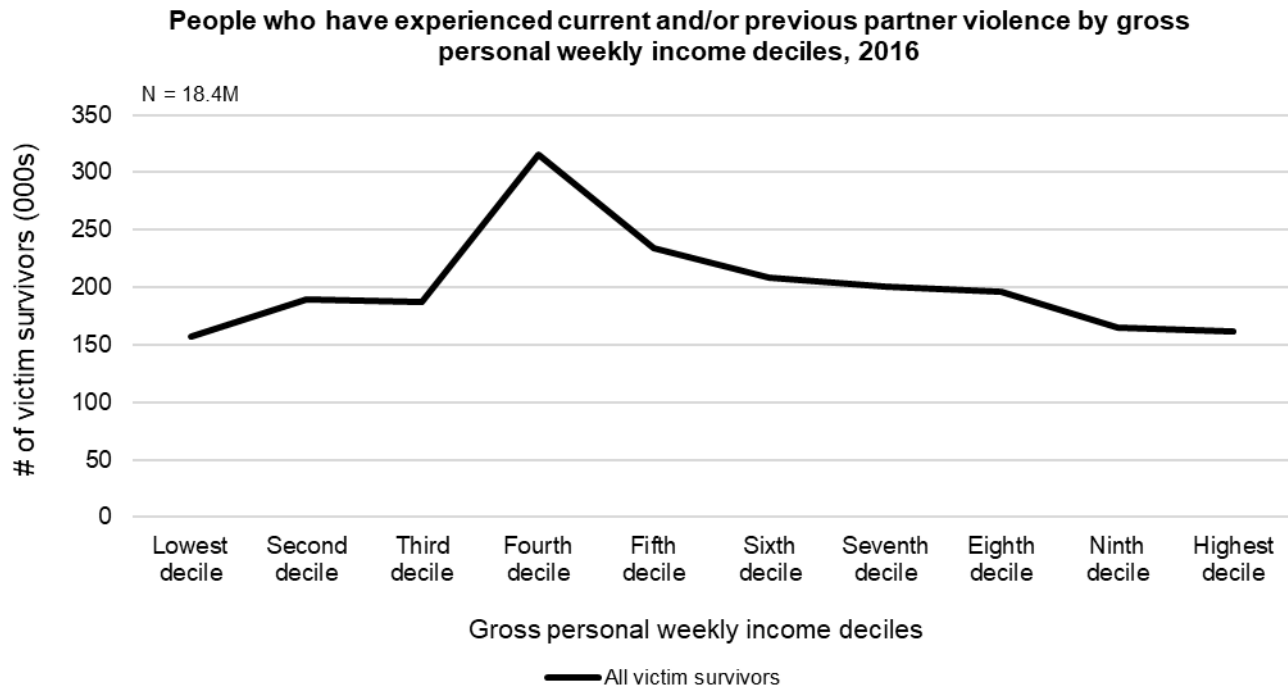
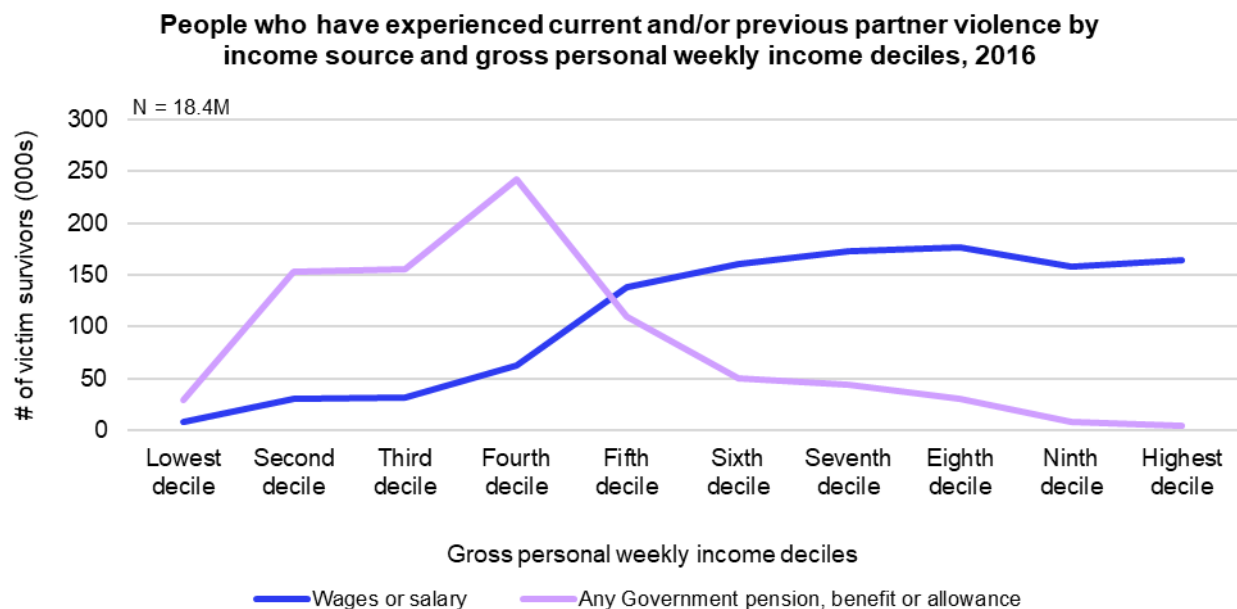


Figure 13. Victim survivors by gross personal weekly income decile, by income source, PSS 2016



2.2.3 Victim survivors who leave a violent relationship are more likely to rely on government support payments as a main source of income

From PSS, despite many victim survivors not accessing emergency financial support payments when leaving a violent relationship, those who have left a violent relationship are more likely to receive income from government payments than the general population (Figure 14), and are nearly twice as likely to rely on government payments as their main source of income than those who have not left (Figure 15).

Additionally, victim survivors who are currently in a violent relationship are marginally less likely than the general population to receive income from government payments (Figure 14).

Figure 14. Proportion of victim survivors of partner violence that receive government payments compared to proportion of general population, PSS 2016

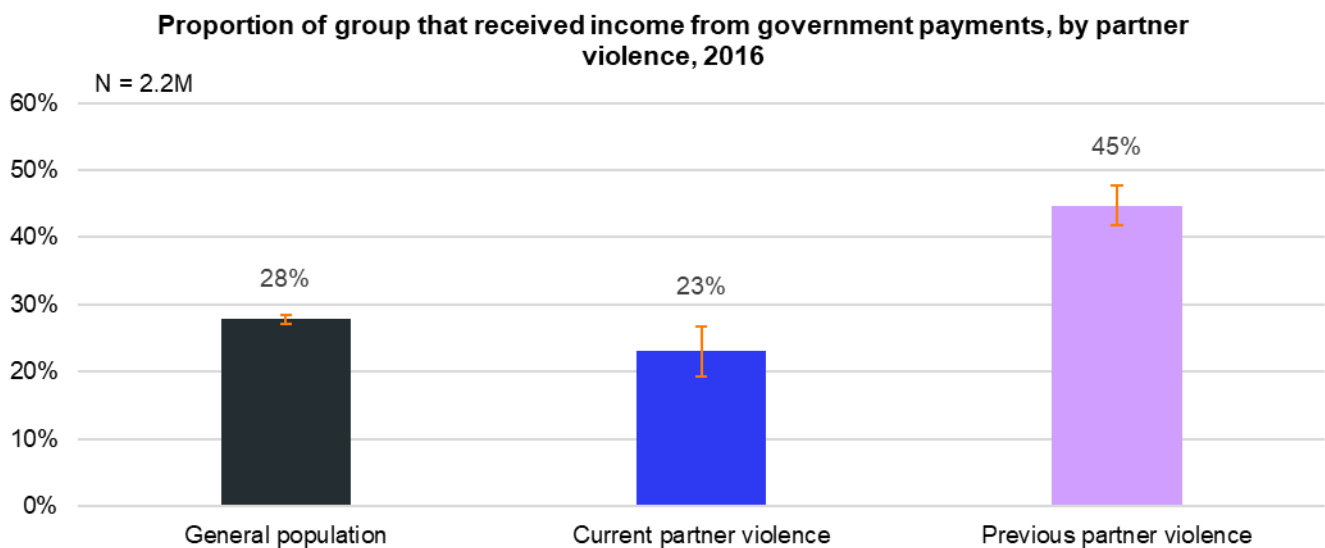
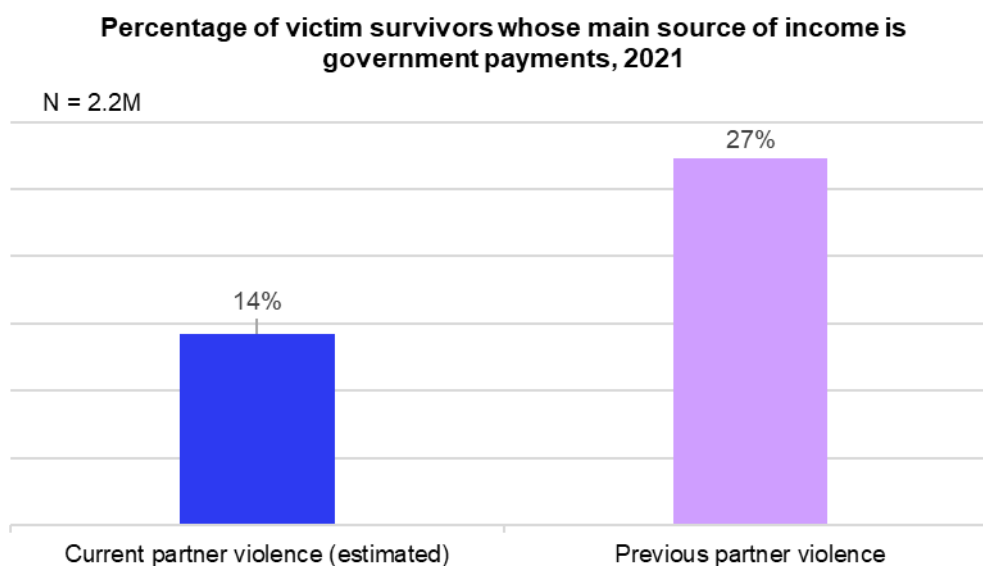
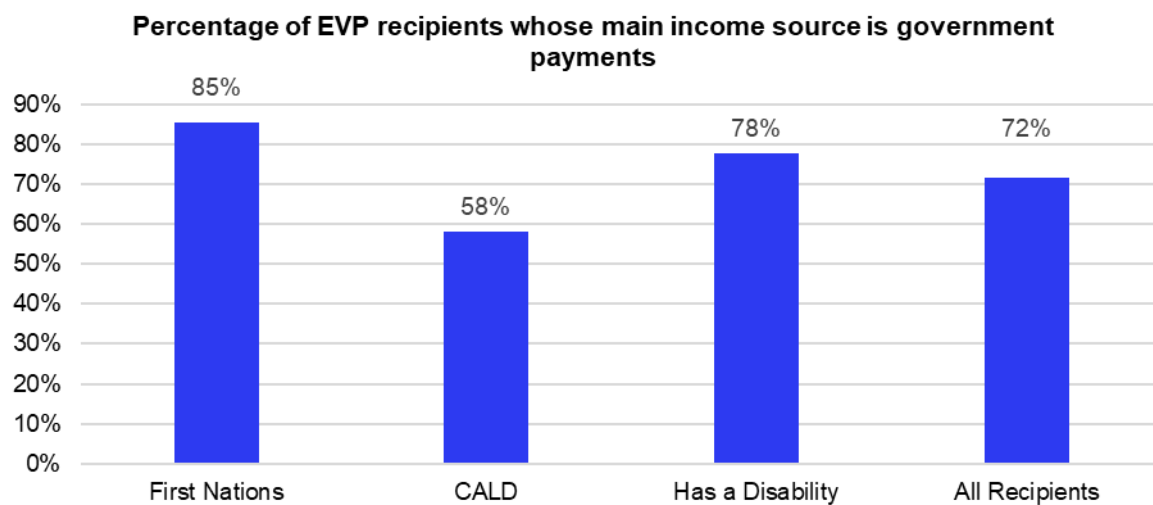


Figure 15. Proportion of victim survivors who receive government payments, PSS 2021



In contrast, Escaping Violence Payment recipients are a particularly financially vulnerable cohort, with 72% of recipients receiving government payments as their main income source (Figure 16). Of these, 85% of Escaping Violence Payment recipients whose main source of income is government payments are First Nations and 78% of recipients whose main source of income is government payments have a disability.

Figure 16. Percentage of Escaping Violence Payment recipients whose main income source is government payments, by select demographics, DEX (sample sizes were not made available)⁷



These analyses suggests that victim survivors who leave a violent relationship are more likely to become financially vulnerable due to leaving, and that there is a cohort of victim survivors who do not receive government payments before leaving a violent relationship, who then receive government income payments after leaving a violent relationship.

Given the majority of the sample size of 'previous partner violence' reflects violence experienced more than 12 months prior to survey response, this data suggests that the negative impact of partner violence on financial wellbeing may extend well beyond the event of leaving.

Therefore, there may be a cohort of victim survivors who would not be eligible for government emergency financial support payments before leaving but would then be eligible after having left, who would either be ineligible or face significant challenges in proving eligibility for emergency financial support payments during payment application windows.

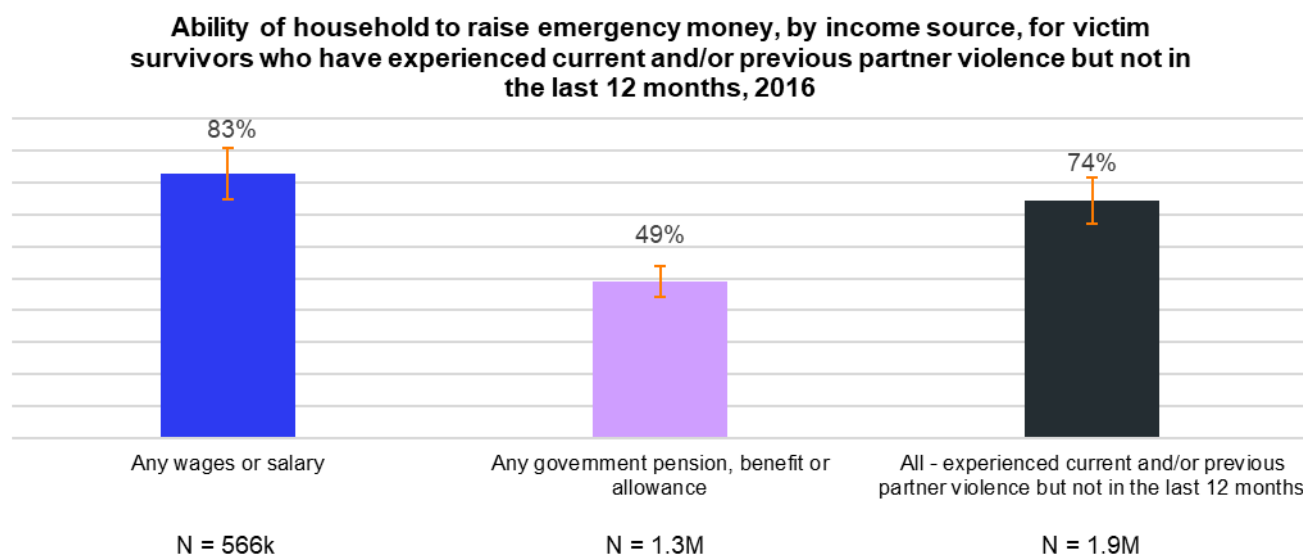
An alternative explanation is that victim survivors who are financially vulnerable are more likely to leave. Given literature suggests that financial factors are a frequent barrier to leaving, and PSS data suggests that victim survivors who receive government payments may be more likely to face additional challenges in leaving, this explanation seems less likely.

2.2.4 Victim survivors who receive government payments are more financially vulnerable than other victim survivors on salary or wages and all people on government payments

According to the PSS, victim survivors on government payments are significantly less likely to be able to raise emergency money than victim survivors who receive any wage or salary or all victim survivors (Figure 17). Ability to raise emergency money is one well-established proxy for financial vulnerability.

⁷ Data is only for clients with a post-SCORE in the 2023-24 FY. Only individuals with both a pre and post SCORE are part of the data supply. Individuals with more than one post-SCORE are addressed by marking the earliest SCORE as the pre-score and the latest as the post-score.

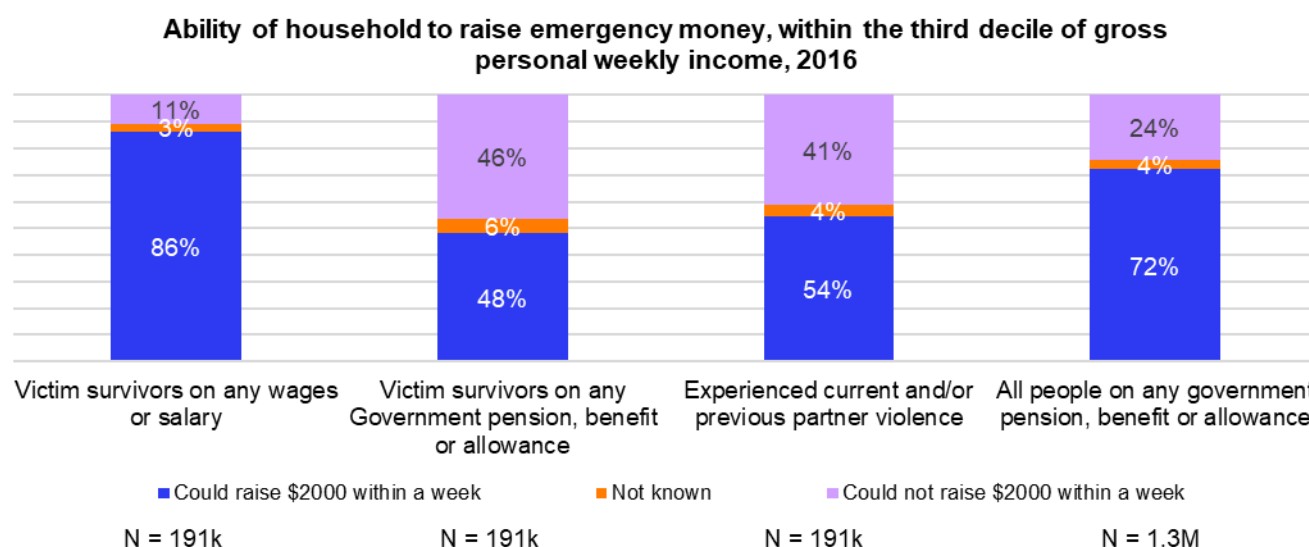
Figure 17. Ability of victim survivors' household to raise emergency money, by income source, of victim survivors who have experienced current and/or previous partner violence but not in the last 12 months, PSS 2016



Given this result may reflect the greater financial wellbeing of victim survivors who receive wages or salary, income was controlled for by constraining the sample size of the analysis to victim survivors within the third decile of gross personal weekly income, representing a median weekly income of \$350 in 2016. Findings are consistent for victim survivors within this decile, albeit with significant statistical uncertainty⁸ (Figure 18). There are several potential reasons for this. Victim survivors who have few assets (regardless of income) may be more likely to seek government payments. Alternatively, receiving government payments may make it difficult to save for emergencies. In addition, people on government income can be turned away from many sources of emergency financial support (e.g. loans).

An important limitation to this analysis due to the structure of the PSS, is that the majority of this sample (~80%) are victim survivors who have experienced previous partner violence, with no specificity as to how long ago their experience of violence was. Analysis on more specific groups was not possible due to small sample sizes.

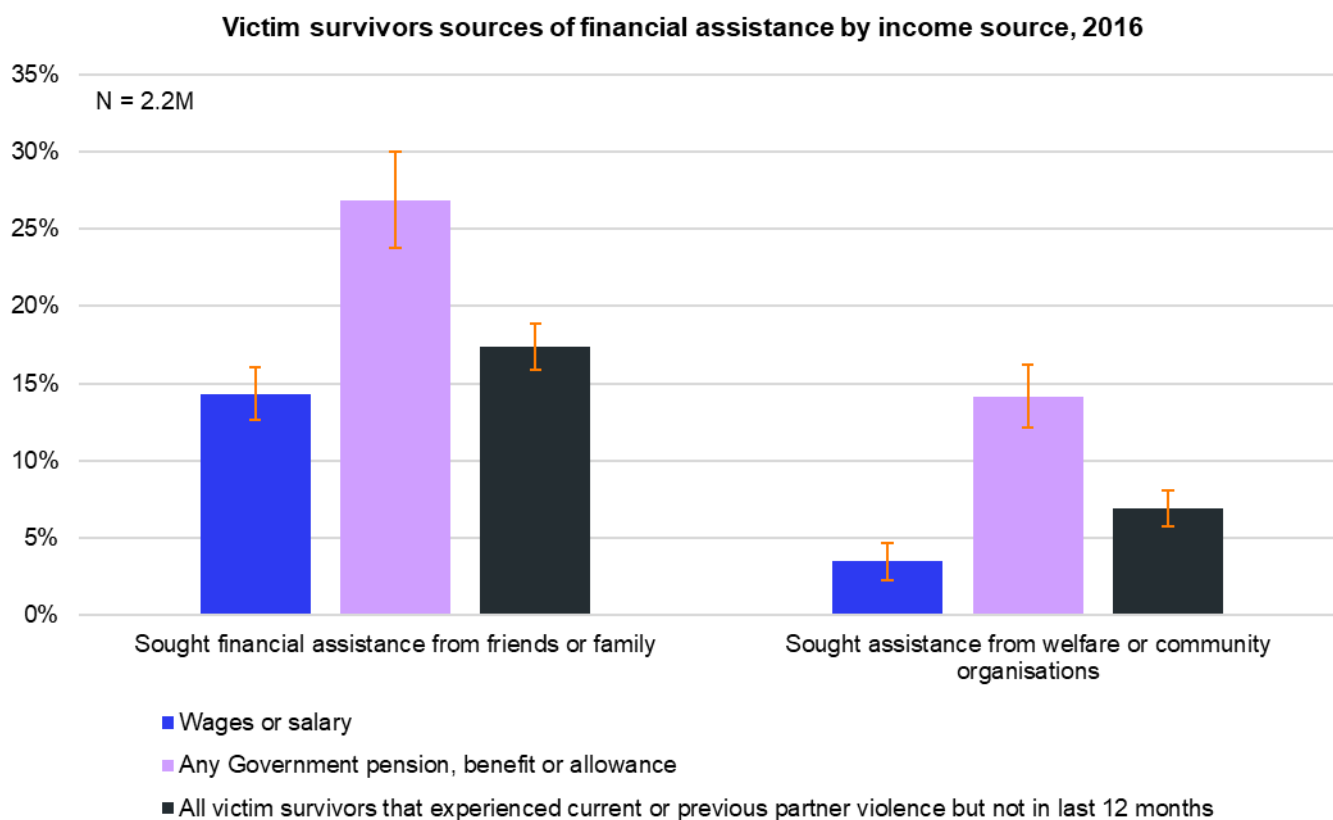
Figure 18. Ability of victim survivors' household to raise emergency money, by income source, where the victim survivor earns a median weekly income of ~\$350 (third lowest decile of gross personal weekly income), PSS 2016



⁸ The proportion of victim survivors that had any wages or salary that could raise \$2,000 in a week is 86% ± 44%, as an example of the substantial statistical uncertainty. While this alone cannot determine whether the result is statistically significant, it does suggest that the error is likely to be too large to make any definitive conclusions.

People on government incomes are also more likely to have sought financial assistance from both friends and family and/or from welfare or community organisations when they left the violent relationship (Figure 19).

Figure 19. People who had experienced current and/or previous partner violence but not in last 12 months, by sources of financial assistance and income type, PSS 2016



2.2.5 Reliance on government payments as main source of income and payment inadequacy exacerbates financial hardship for victim survivors who have left a violent relationship

From the literature, it is clear that both government emergency financial support and income support payments are inadequate for victim survivors to re-establish themselves or achieve a dignified standard of living post separation.

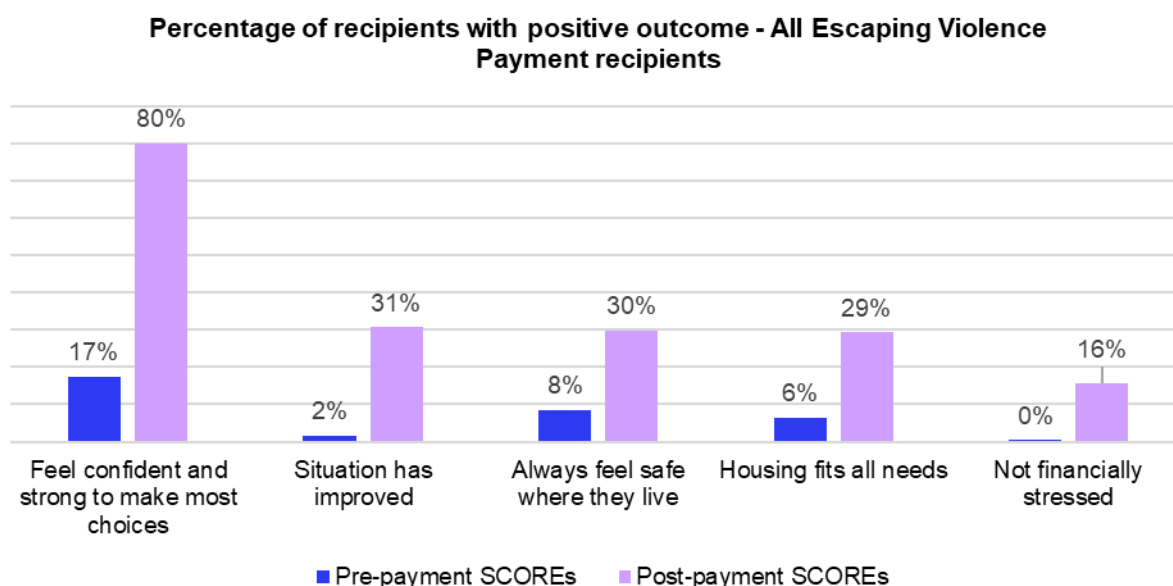
Adequacy of emergency financial support payments

An evaluation of the Escaping Violence Payment provides insight into the sufficiency of the \$5,000 emergency financial support payment in supporting a victim survivor to leave a violent relationship. Recipients who participated in a survey as part of the evaluation agreed that the payment helped them to leave the relationship (57%), relieve short term financial stress (92%), and establish a safe home (85%). However, recipients also reported that the payment was insufficient to meet their housing (55%), income (44%), legal (41%) or professional mental health (52%) needs.⁹ Recipient feedback also highlighted that the relative value of the payment had been lessened by the current cost of living crisis.^{xxiv}

From data within DEX, Escaping Violence Payment recipients appear to experience improved outcomes as a result of the payment, but housing, safety and financial resilience remain significant challenges for many post-receipt of the payment (Figure 20).

⁹ Note: This survey is separate from SCORE outcome ratings captured within DEX

Figure 20. Percentage of Escaping Violence Payment recipients with positive outcomes, across all Escaping Violence Payment recipients, DEX



The Family Violence Crisis Payment is equivalent to a week's pay at the maximum basic rate of a person's income support payment, which may range between approximately \$400 - \$500.^{xxv} The literature provides that this amount is woefully inadequate for victim survivors to be able to re-establish their living arrangements.^{xxvi}

Adequacy of income support payments

The literature highlights that many people who receive JobSeeker and the Parenting Payment Single effectively live below the poverty line.^{xxvii} In Q2 2024, the poverty line for a household (where the head of the household was not in the workforce) was estimated at \$496.62 for a single person, \$670.33 for a single parent with one dependent child and \$835.87 for a single parent with two dependent children.^{xxviii} However, the maximum weekly JobSeeker payment is \$394 for a single person and \$416.60 for a single parent with a dependent child or children. The maximum weekly Parenting Payment Single is \$503.75 for a single parent with a dependent child or children.^{xxix}

Evidence in literature confirms the inadequacy of government payments and prevents victim survivors being able to meet housing and basic needs for themselves and their children, afford transportation or engage essential post separation services such as legal, financial or mental health professionals.

Inability to afford a car and maintain car running costs (including fuel and insurance) is a significant barrier to be able to undertake everyday activities, such as, dropping children at school, getting to work, grocery shopping, attending medical appointments or social interaction. Access to transport is particularly essential for victim survivors who live in regional or remote areas that lack accessible public transport systems.^{xxx}

Post separation legal matters present a significant cost to victim survivors. Associated legal matters commonly include criminal cases; protection orders; property settlement; child contact; wills; victim compensation; bankruptcy; or legal action relating to jointly owned businesses. Legal costs include fees for advice and representation; cost related to court; and cost of childcare and transport to attend court. For many victim survivors the costs of legal action are prohibitive. Examples include not pursuing critical matters such as retaining assets to which they have legal rights. Relinquishing rights to their assets results in long-term detrimental impacts on their financial health.^{xxxi} The literature further identifies that there is not enough money left over from government payments after victim survivors pay for housing and essential needs to pay for the professional support required to address their mental health needs resulting from family and domestic violence.^{xxxii}

Lack of clarity on emergency financial support payment 'adequacy'

While there is consensus in the literature that 'adequate' government payments are central to reducing the rates of family and domestic violence in Australia^{xxxiii}, there is little discussion about what 'adequate' means in practice.

Service providers, peak bodies and research institutes have called for an increase to emergency financial support payment amounts to support victim survivors in leaving violent situations. However, few provide a dollar figure for the increased payment amount.

One commonly cited figure in the literature is \$18,000, which was presented as the average cost to leave a violent relationship in 2017 by the ACTU as part of a campaign for paid family and domestic violence leave.^{xxxiv} It was intended to cover key separation costs such as a removal truck, a month's rent and legal fees. However, the original source with a detailed cost breakdown is no longer publicly available making it difficult to assess the appropriateness of this figure in a 2024 context. Further, these key separation costs only appear to represent immediate needs, with additional costing needed for ongoing costs across the medium- and long-term.

Other noted suggestions in the literature range between \$6,560 to \$18,000. Generally, these sources do not provide a rationale for the suggested figure, and if they do, the figure is often linked to the current amount of other government payments, for example, the same amount as the Age Pension Single, rather than based on actual victim survivor's needs.^{xxxv} There have also been calls from wide ranging sources to increase the JobSeeker Payment amount in order for recipients to be able to achieve a dignified standard of living, however this advocacy has not generally been specific to victim survivors of family and domestic violence.^{xxxvi}

2.3 The impact of government payments on a victim survivor's decision to leave a violent relationship

This section explores insights from the research regarding the impact of government payments on a victim survivor's decision to leave a violent relationship.

There is an emerging body of literature seeking to understand why, how and when victim survivors leave a violent relationship.^{xxxvii} The varied, interrelated and complex considerations considered by victim survivors raised in these articles (and supported by the broader literature) can be distilled into five key factors: safety of self and children, finances, housing, support system, and personal. Safety refers to protection or freedom from violence. Finances includes the ramifications of economic abuse and the capacity to provide for emergency and long-term needs. Housing is the ability to secure and sustain a safe place to live. Support systems can include informal networks such as friends and family that can be relied upon during an emergency, as well as formal intuitions that offer financial and professional support when a person cannot fully support themselves. Personal refer to personal beliefs such as cultural or religious values that shape their worldview or feelings towards the perpetrator. More detailed discussion of these factors and their influence on a victim survivor's decision to leave are presented throughout this section.

The overall insights from this section are:

- Victim survivors who receive government payments may be more likely to face challenges leaving a violent relationship, and may be more likely to highlight lack of money as the main barrier to leaving, than victim survivors who receive wages or salary and all victim survivors.
- Emergency financial support payments improve immediate housing outcomes, but victim survivors who receive government income payments are more likely to experience insecure housing arrangements.
- Safety is the primary consideration among other complex factors in a victim survivor's decision to leave a violent relationship.
- Many victim survivors are not able to access government emergency financial support payments when leaving a violent relationship.
- First Nations victim survivors are overrepresented in the proportion of recipients of government emergency financial support payments, but many may not access payments.
- Culturally and linguistically diverse victim survivors are underrepresented in recipients of government emergency financial support payments.
- Most victim survivors who receive government emergency financial support payments are aged between 25-44 with those aged 35-44 overrepresented.

- Design and delivery of government payments, particularly emergency financial support payments, create access barriers for victim survivors at the time of crisis.

From these insights, inferences can be made that support findings from literature, but the available data is inadequate to make conclusive statements on the relationship between government payments and a victim survivor's decision to leave a violent relationship.

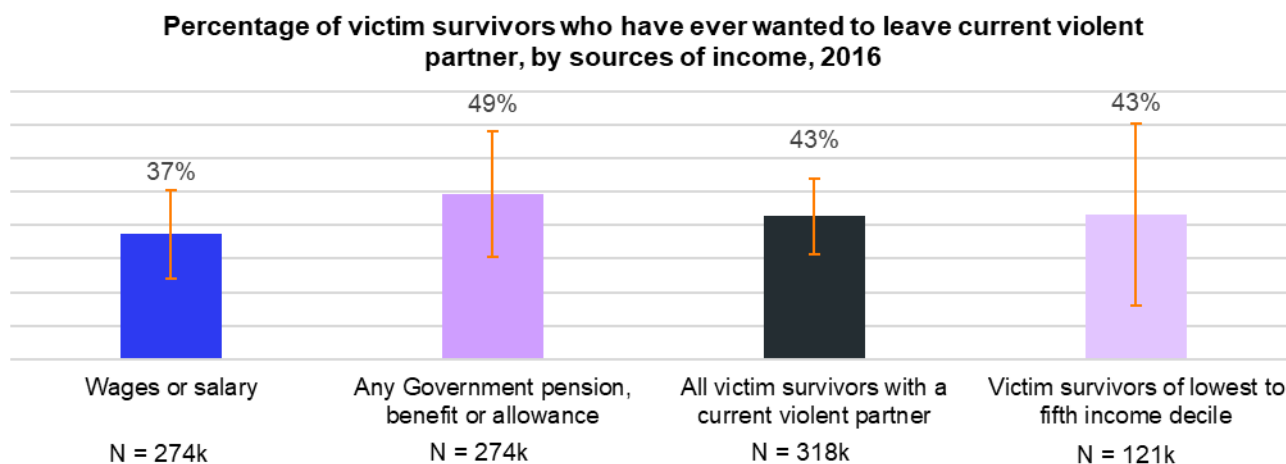
It is also important to note the following data limitations:

- PSS data: PSS better reflects the outcomes from leaving, rather than the decision to leave itself, as small sample sizes limit the ability to filter for timeframes (for example, the cohort who have experienced violence within the last twelve months in PSS 2016 is too small for reliable analysis). A victim survivor's decision to leave is difficult to analyse without longitudinally comparing a victim survivor's situation before and after leaving, which is not possible with the PSS data.
- DOMINO data: DOMINO dataset is longitudinal, but the inability to reliably flag victim survivors within the dataset, outside of Family Violence Crisis Payment recipients, limits analysis to victim survivors who have made the decision to leave and have received the Family Violence Crisis Payment – likely a small financially vulnerable cohort which does not represent all victim survivors receiving government payments in the DOMINO dataset (Figure 50).
- DEX data: DEX dataset records data from the Escaping Violence Payment trial. It is the only dataset that reliably collects data from individuals before and after leaving a violent relationship. However, the eligibility criteria for this payment limits the analysis to a small, highly financially vulnerable cohort of victim survivors and the data collected before and after leaving a violent relationship is also limited.

2.3.1 Victim survivors who receive government payments may be more likely to face challenges leaving a violent relationship, and may be more likely to highlight lack of money as the main barrier to leaving, than victim survivors who receive wages or salary and all victim survivors

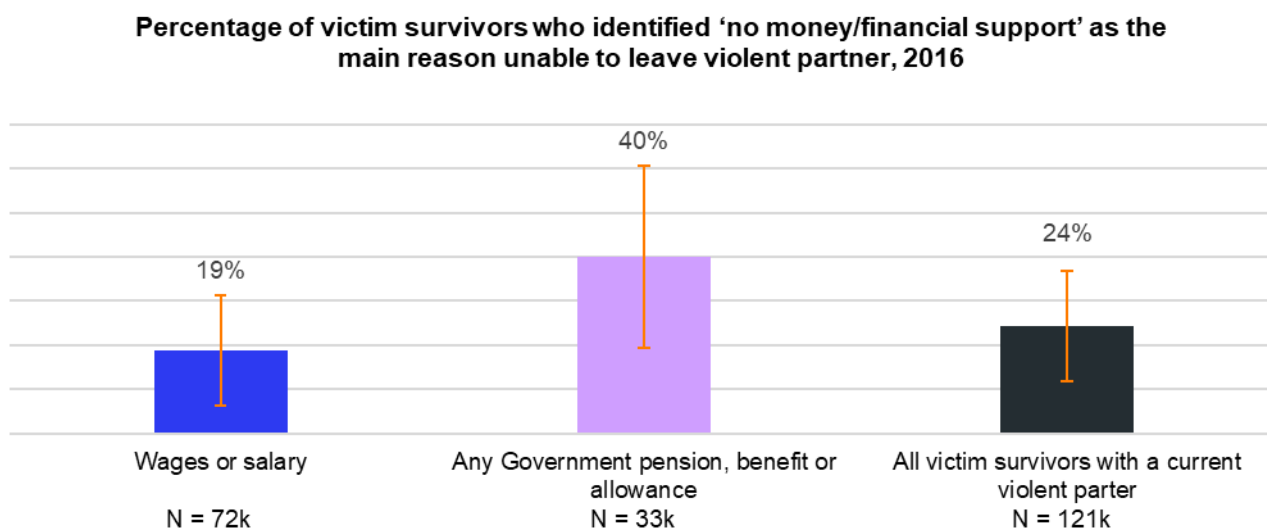
Financial factors are a frequent barrier to a victim survivor leaving a violent relationship.^{xxxviii} From the PSS, victim survivors who receive government payments may be more likely to say they want to leave a violent current partner (Figure 21) than those on salary or wages, implying that recipients of government payments face financial barriers to leaving. This data is likely not significant due to statistical uncertainties (i.e. the error bars overlap, suggesting that any observed difference may be a statistical artifact). However, the inverse relationship between victim survivors receiving wages or salary experiencing better outcomes than average and victim survivors who receive any government payment experiencing worse outcomes than average appears to be a pattern which warrants further research.

Figure 21. Percentage of victim survivors who have wanted to leave their current violent partner, by sources of income, PSS 2016



Further, from the PSS, victim survivors who receive government payments may be more likely to say that a lack of money is why they are unable to leave their current violent partner than those on wages or salary (Figure 22). Given the uncertainty with this data (i.e. there is significant overlap in the error bars, suggesting that the finding may be due to chance), this finding requires further investigation to provide more confidence in the result. Literature also highlights that diminished financial wellbeing due to economic abuse and the awareness that a victim survivor may have to leave with very few if any assets creates a situation where victim survivors feel compelled to stay, even when they want to leave.^{xxxix} Leaving behind assets is a common reality for victim survivors, with 64% of PSS 2016 respondents who left a violent relationship reporting that they left behind assets or property.

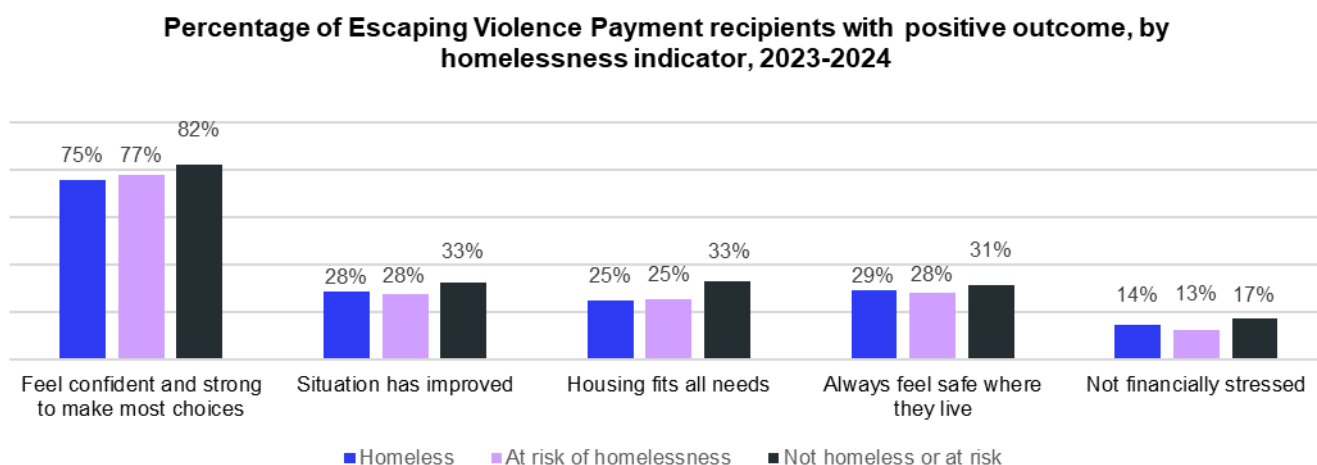
Figure 22. Percentage of victim survivors with a current violent partner who identified a lack of money as the main reason they were unable to leave, PSS 2016



2.3.2 Emergency financial support payments improve immediate housing outcomes, but victim survivors who receive government income payments may be more likely to experience insecure housing arrangements

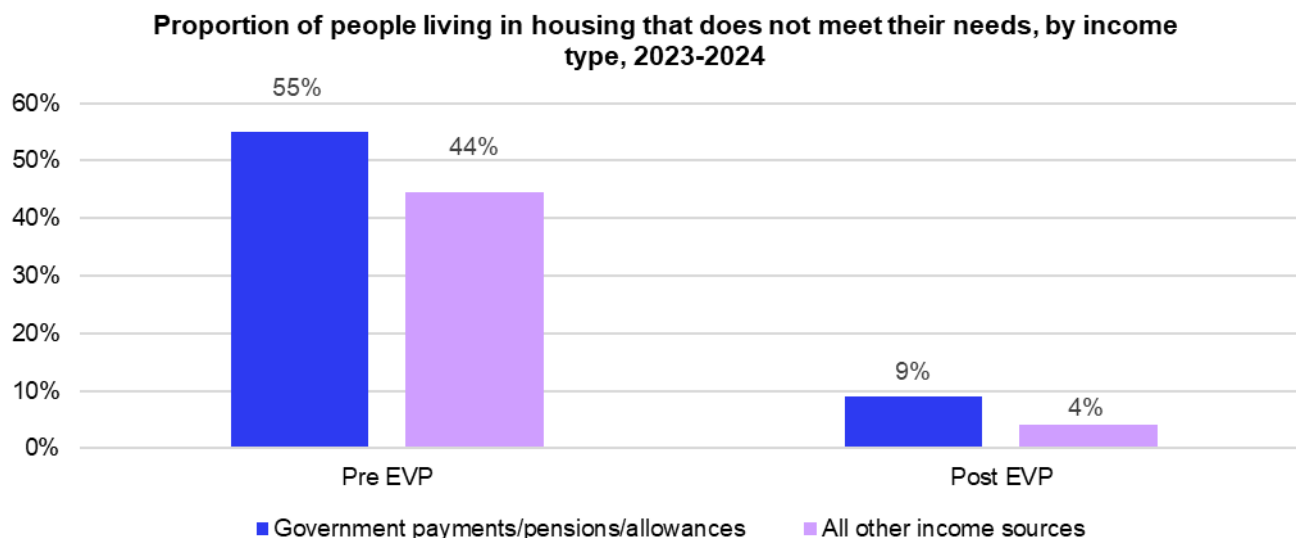
Housing is closely linked to financial factors. The literature cites the risk of homelessness as a common barrier to victim survivors leaving a violent relationship.^{xi} In these instances, victim survivors 'choose' to stay because they see no other option.^{xii} Victim survivors also may choose to stay for a period to improve their financial security before they leave.^{xiii} In DEX data, homelessness indicators were associated with poorer outcomes (Figure 23).

Figure 23. Percentage of Escaping Violence Payment recipients with positive outcome, by homelessness indicator, DEX, 2023-2024



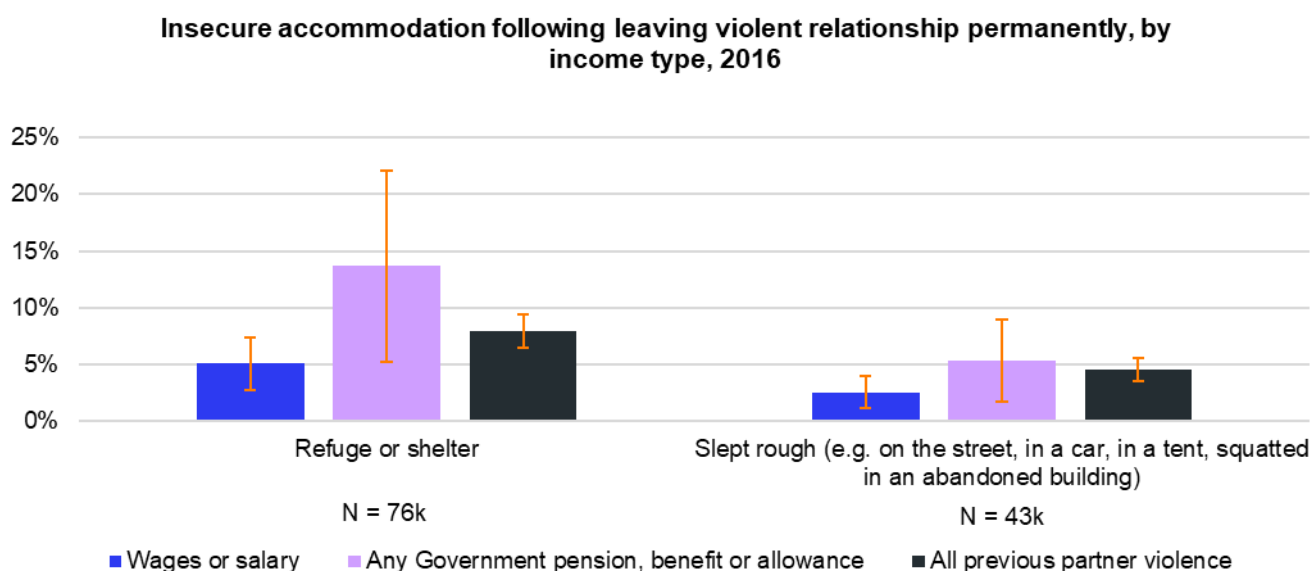
The Escaping Violence Payment and its associated supports appear to have a positive impact on victim survivors housing (Figure 24), however people on government payments appear to be more likely to have inappropriate housing both at the time of crisis and afterwards.

Figure 24. Proportion of people living in housing that does not meet their needs ('I am homeless' or 'I am living in housing that does not meet my needs'), prior to and following the Escaping Violence Payment, DEX 2024 (N=14K-24K, sample sizes of SCORE outcome rating vary by both demographic and score category¹⁰)



PSS data shows that, following leaving a violent relationship, many victim survivors stay in insecure accommodation such a refuge or sleeping rough (Figure 25). 68% of victim survivors reported staying with family and friends after leaving a violent relationship permanently. Those who reported government income may be more likely to have used a refuge or shelter and potentially more likely to have slept rough.

Figure 25. Forms of insecure accommodation used by victim survivors after the violent relationship ended, by income source, PSS 2016



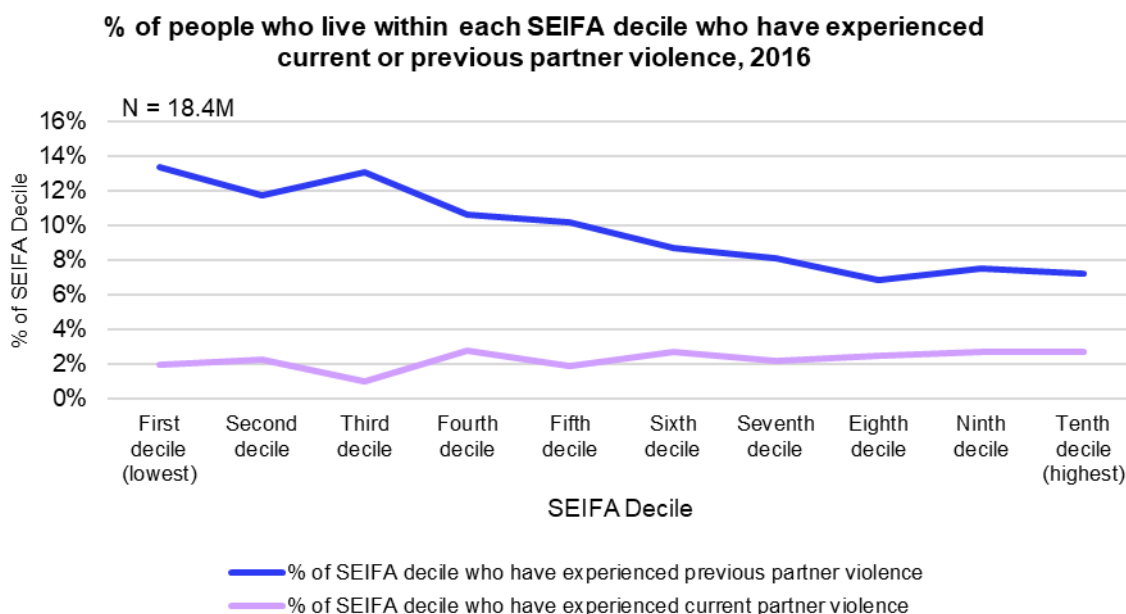
Family and domestic violence is the leading cause of homelessness for women and young people.^{xliii} If victim survivors do not have friends or relatives that they can stay with temporarily, cannot access a shelter or cannot

¹⁰ Data is only for clients with a post-SCORE in the 2023-24 FY. Only individuals with both a pre and post SCORE are part of the data supply. Individuals with more than one post-SCORE are addressed by marking the earliest SCORE as the pre-score and the latest as the post-score.

afford to pay for accommodation, they often result in sleeping rough in their car, in a tent or on the street^{xliv} (see analysis above). It is difficult for victim survivors to secure or maintain affordable housing with government payments because the rates are too low to save a deposit or pay a bond or rent.^{xlv} Further, homelessness is distressing and disruptive for victim survivors and their children, often undermining their ability to engage in employment to generate income^{xlvi}. The literature also shows that victim survivors who receive government payments are often unable to pay for food, bills, medication or other essential items.^{xlvii}

Further, PSS data shows that people who have experienced partner violence in the past are more likely to live in a lower SEIFA area (i.e. areas of higher levels of disadvantage). However, this does not appear to be true of those experiencing current partner violence (*Figure 26*). This suggests that experiencing partner violence leads people to move to less expensive, more impoverished areas, potentially due to housing affordability.

Figure 26. Proportion of people who live within each SEIFA decile, by whether they have experienced current or previous partner violence, PSS 2016



2.3.3 Safety is the primary consideration among other complex factors in a victim survivor's decision to leave a violent relationship

Literature highlights that threats or occurrence of violence to them and/or their children is the primary consideration for most victim survivors when deciding to leave a violent relationship. Victim survivors often recognise that they are at increased risk of harm from retaliatory violence if they leave a perpetrator, and so choose to stay to mitigate this risk. If the violence reaches a threshold at which staying is no longer a viable strategy, they feel they have no choice but to leave. This threshold is unique for each victim survivor.^{xlviii}

The literature also demonstrates that victim survivors prioritise the safety, well-being, and stability of their children over their own safety.^{xlix} They may choose to stay in a violent relationship to protect their children from the threat of retaliatory violence or to shield them from the consequences of leaving, such as relocation, loss of personal belongings, reduced financial wellbeing or homelessness. A desire for children to maintain a relationship with the perpetrator or to keep the family together were other noted reasons that victim survivors remain in the relationship – that is for the perceived benefit of their children.ⁱ

Limited access to support systems increases a victim survivor's dependency on the perpetrator and raises the likelihood of staying. Conversely, strong support networks are associated with increased confidence and capacity to leave.ⁱⁱ Support systems can include formal networks, such as shelters, legal aid, financial assistance (government payments), or counselling services. Alternatively, they may include informal networks, such as family, friends, and community supports. In the context of family and domestic violence, formal supports often become a proxy for financial wellbeing. As noted earlier, victim survivors frequently leave a violent relationship with no financial assets

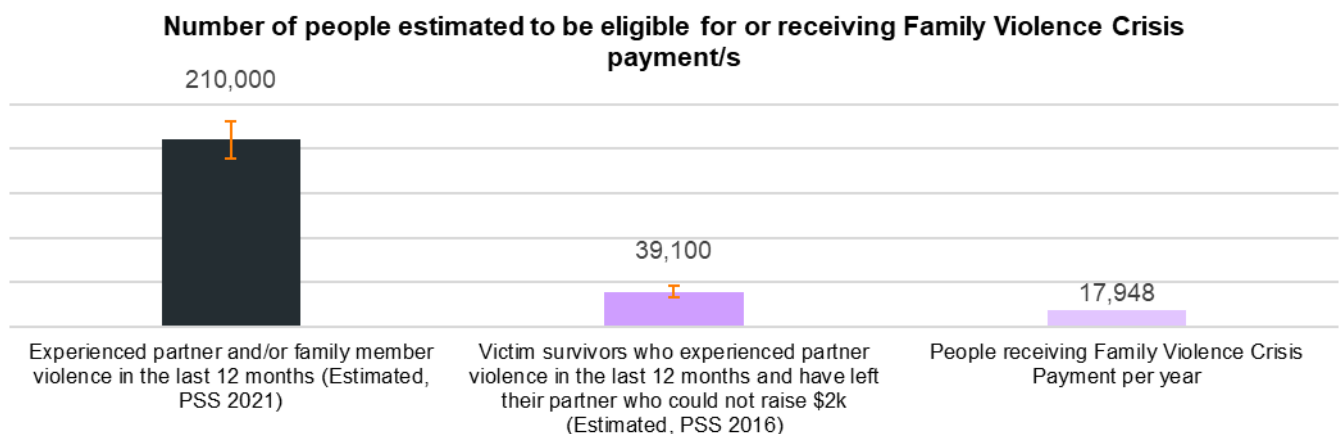
and limited or no employment income. In these instances, access to and sufficiency of government payments inform victim survivor's financial considerations in the decision to leave a violent relationship.

In this context, victim survivors reporting that they have sought support from family or friends and from welfare organisations can indicate level of need for support systems. People who had experienced partner violence previously were more likely to seek financial assistance from friends or family than community or welfare organisations (see Figure 19 in previous section). Those on government income were more likely to have sought support from either source.

2.3.4 Many victim survivors are not able to access government emergency financial support payments when leaving a violent relationship

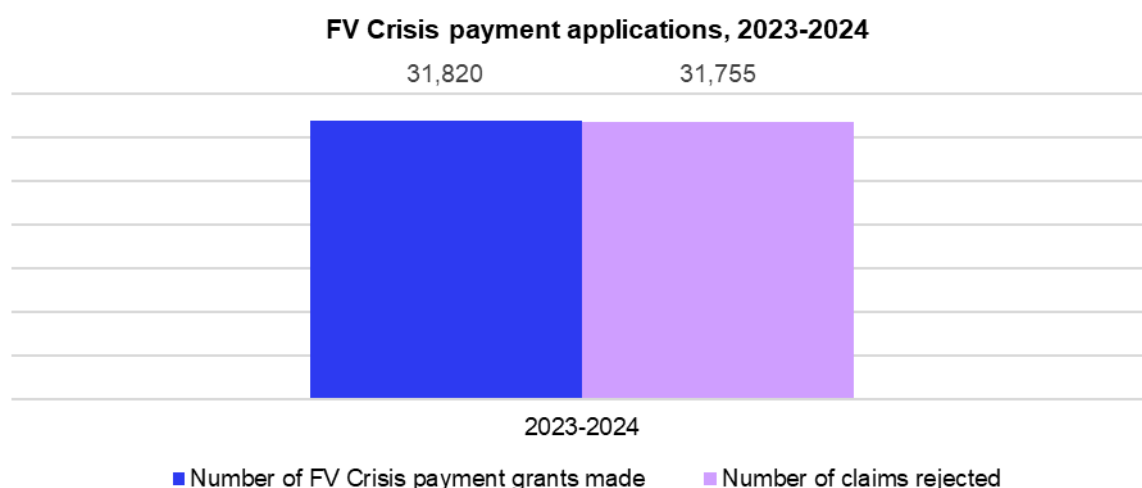
Comparing PSS and DOMINO data on the Family Violence Crisis Payment, it is likely that less than half of estimated eligible people access the Family Violence Crisis Payment (Figure 27). This is likely due to the stringent access requirements, discussed later in this section.

Figure 27. Number of people eligible for or receiving Family Violence Crisis Payments, where the estimated number of victim survivors who experienced partner violence in the last 12 months, have left their partner, and could not raise \$2k has been considered a proxy for the number of victim survivors likely to be eligible for the Family Violence Crisis Payment, PSS 2016 and 2021, DOMINO



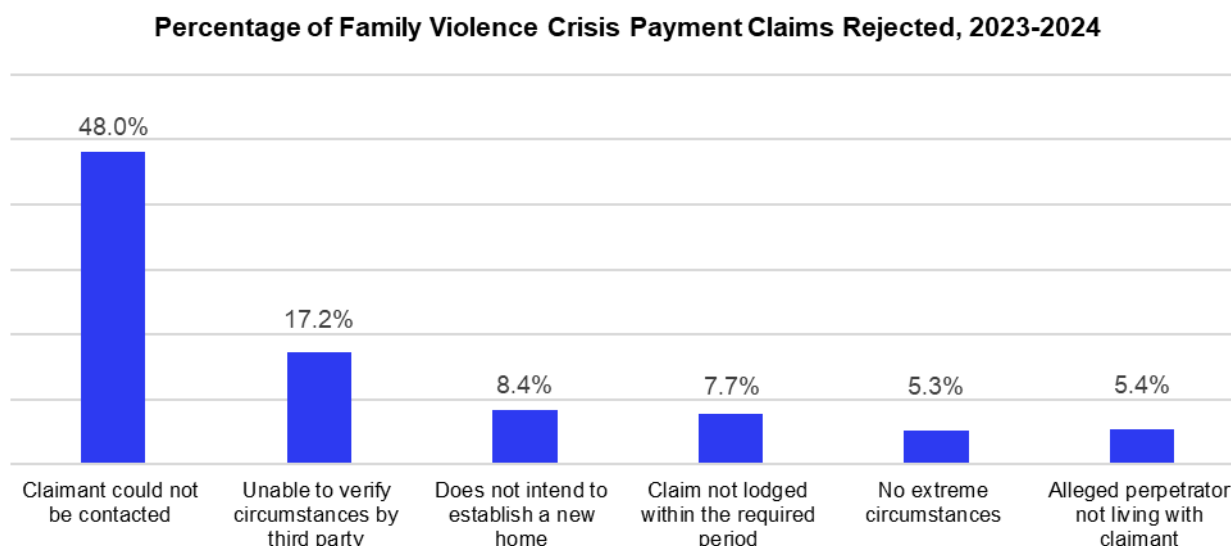
For 2023-2024, there were 63,575 Family Violence Crisis Payment applications, 50% of which were accepted and received payments (Figure 28). Additional information on the Family Violence Crisis Payment for 2023-24 can be found in Appendix 5: Additional information on the Family Violence Crisis Payment.

Figure 28. Number of Family Violence Crisis Payment applications, 2023-2024ⁱⁱⁱ (provided by DSS)



The most common reason for claim rejection was the claimant not being contactable (48%) (Figure 29). Other reasons for unsuccessful claims that relate to access barriers in the design and delivery of government payments, discussed in the next section, include being unable to verify circumstances by a third party, not intending to establish a new home, claim not being lodged within the required period, no extreme circumstances and alleged perpetrator not living with claimant.

Figure 29. Prevalence of reasons for Family Violence Crisis Payment claims rejection, 2023-2024^{liii} (provided by DSS)



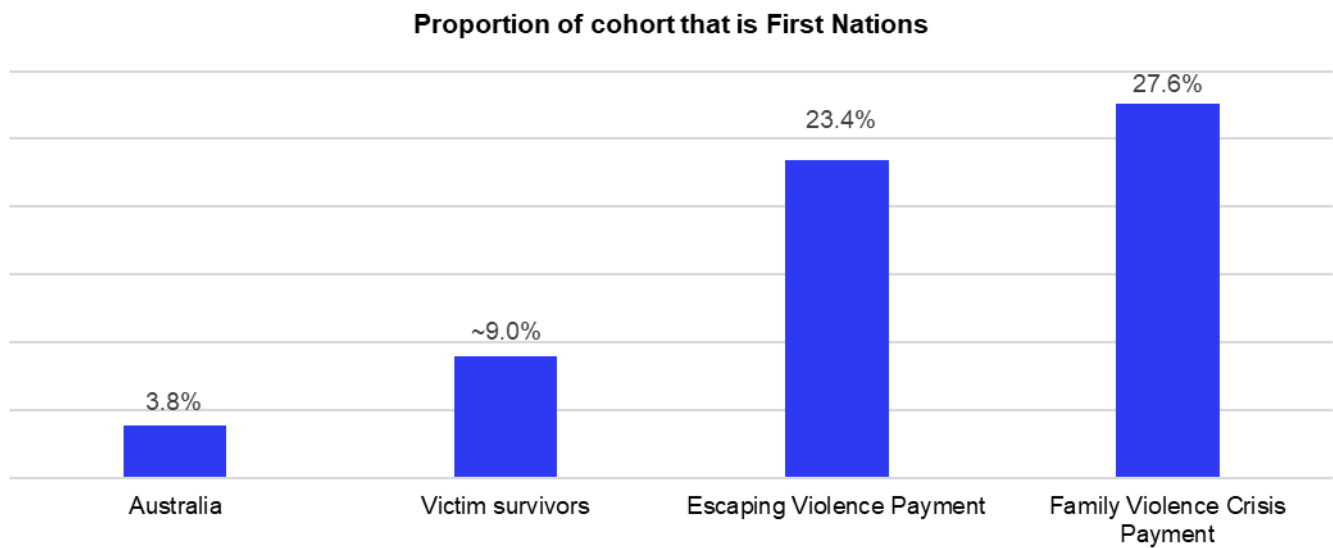
Further, 5.3% of Family Violence Crisis Payments made in 2023-2024 (1,680 of 31,820) were made to perpetrators, noting that this does not represent the number of unique individuals who received a FV Crisis Payment¹¹. 82% of Family Violence Crisis Payments are associated with a victim survivor who left their home, whilst 18% remained in their home.

For the Escaping Violence Payment, an evaluation in 2023 showed that of 44,373 applications, 36.5% (16,190) were deemed eligible, 23.2% (10,294) were deemed ineligible, and 32.9% (14,586) did not proceed for other reasons.^{liv} Note that total Escaping Violence Payment recipient counts are unavailable due to DSS release policy.

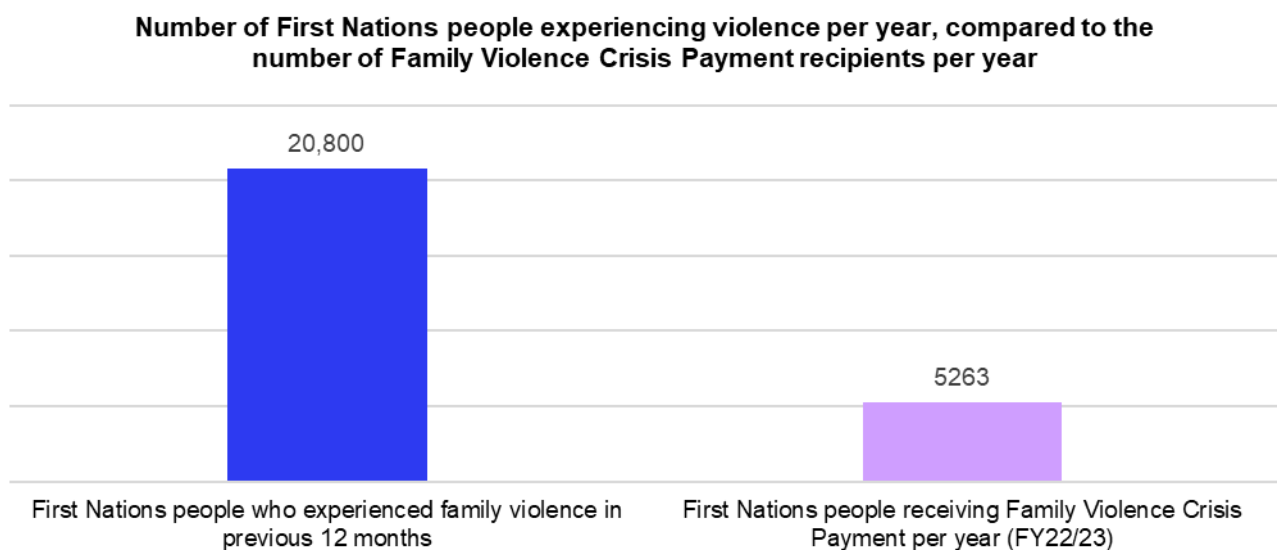
2.3.5 First Nations victim survivors are overrepresented in the proportion of recipients of government emergency financial support payments, but many may not access payments

From DOMINO and DEX data, First Nations people are overrepresented in the Escaping Violence Payment and Family Violence Crisis Payment data (Figure 30). This may indicate that First Nations people are more likely to access or be eligible for short term financial assistance.

¹¹ Perpetrators can access the payment as it can be "payable to an alleged or actual perpetrator of family or domestic violence who cannot remain in, or return to, their home because of a legal order relating to an instance of alleged or actual family or domestic violence." (DSS)

Figure 30. Percentage of population group identifying as First Nations¹², DOMINO, DEX

However, only a quarter of the estimated number of First Nations people who experience family and domestic violence in a year receive the Family Violence Crisis Payment (Figure 31). It is unknown what proportion of those people would be eligible for the payment.

Figure 31. Number of First Nations people experiencing family and domestic violence and number accessing the Family Violence Crisis Payment per year¹³, DOMINO, DEX

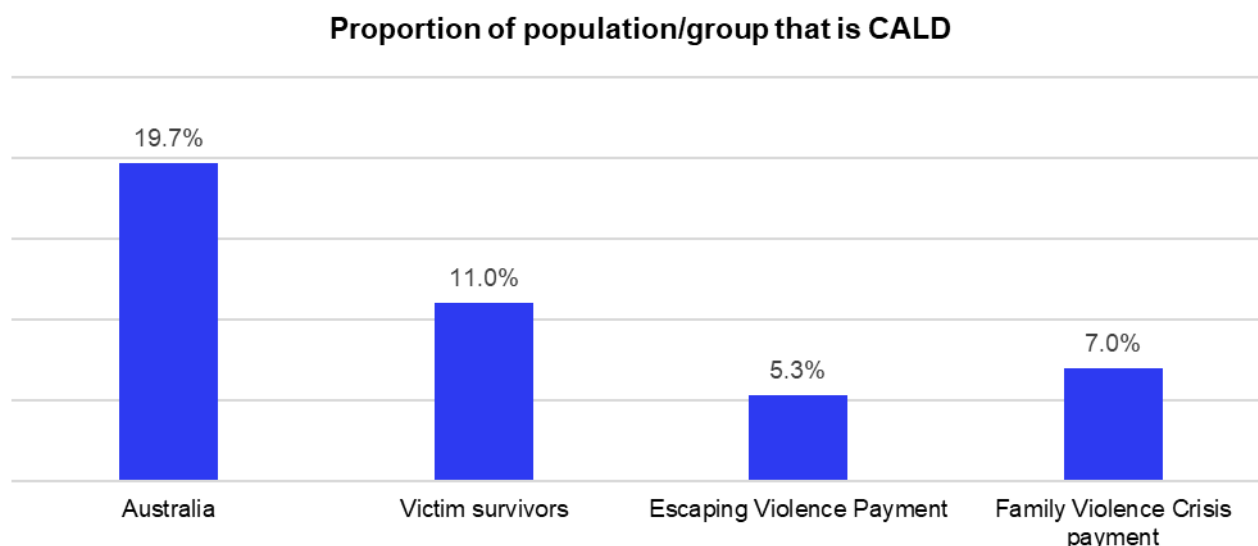
First Nations people face numerous systemic obstacles in escaping family and domestic violence. Culturally inappropriate support services and systemic racism deter victim survivors from accessing help. Many refuges or shelters fail to provide culturally safe environments, lack First Nations staff and support systems tailored to address the intergenerational trauma experienced by First Nations people.¹⁴ Police as key responders to family and domestic violence creates significant challenges for First Nations victim survivors, who frequently report inequitable enforcement of laws and culturally insensitive, paternalistic practices. Over-policing and systemic bias often result in criminalising outcomes for victim survivors, such as arrests for unrelated matters during family and domestic violence callouts¹⁵. Further, economic insecurity, exacerbated by limited employment opportunities and a lack of affordable housing in regional areas, leaves many women unable to leave abusive relationships¹⁶.

¹² Estimate for victim survivors based on dividing NATSIHS 2018-19 estimate for 'First Nations people aged 15 and over who had experienced physical harm from a family member in the 12 months before the survey' by the 2021 PSS estimate of 'Experienced partner and/or family member violence in last 12 months'

2.3.6 Culturally and linguistically diverse victim survivors are underrepresented in recipients of government emergency financial support payments

From DOMINO and DEX data, CALD people are underrepresented in the Family Violence Crisis Payment and Escaping Violence Payment data (Figure 32).

Figure 32. Percentage of population, victim survivors and recipients of emergency financial support payments identifying as CALD,¹³ DOMINO, DEX



This not a surprising outcome. From the literature CALD victim survivors, particularly women, face a range of barriers when attempting to escape family and domestic violence, many of which are rooted in structural and institutional challenges. Language barriers often inhibit women from accessing legal, healthcare, or support services effectively, leaving them without vital resources^{lxix}. Furthermore, visa restrictions and fears of deportation can tie women to abusive relationships, as they depend on their partner's sponsorship for residency^{lxx}. Economic dependence is another critical obstacle, compounded by systemic racism and limited access to employment opportunities, which disproportionately affect CALD women^{lxxi}. Distrust in formal systems, exacerbated by experiences of discrimination and structural incompetence, discourages women from seeking help^{lxxii}. For example, inconsistent use of professional interpreters in regional areas raises confidentiality concerns and further isolates women^{lxxiii}. Religious and cultural leaders, who are often a first point of contact for victim survivors, may inadvertently reinforce harmful norms by advising women to endure the abuse for the sake of family stability^{lxxiv}. Additionally, practical challenges such as the lack of culturally safe shelters and the fear of losing custody of children create significant psychological and material barriers to leaving^{lxxv}.

2.3.7 Most victim survivors who receive government emergency financial support payments are aged between 25-44 with those aged 35-44 overrepresented

Nearly 70% of government emergency financial support payments are received by people aged 25-44 years (Table 2) with victim survivors aged 35-44 overrepresented in recipients of both emergency financial support payments. Young people aged 18-24 appear to be underrepresented amongst Family Violence Crisis Payment recipients and overrepresented amongst Escaping Violence Payment recipients. Older people are underrepresented in both emergency financial support payments.

¹³ Sources: Australia: Estimate based on people who were born in countries where English isn't the main language, PHIDU, Victim survivors: Estimate based on victim survivors who were born in countries where English isn't the main language, PSS 2016, Escaping Violence Payment: DEX data provided by DSS, Family Violence Crisis Payment: Estimates based on victim survivors who were born in countries where English isn't the main language, DOMINO.

Table 2. Percentage of government emergency financial support payment recipients by age, compared to victim survivors of partner violence

Age Group	Experienced current/previous partner violence in last 12 months (2016 PSS)	Percentage of Family Violence Crisis Payment recipients (2020-2024, DOMINO)	Percentage of Escaping Violence Payment recipients (2023-2024, DEX)
18-24	8%	3.7%	10.7%
25-34	32%	29.9%	36.3%
35-44	22%	38.7%	33.7%
45-54	22%	20.5%	14.9%
55-64	10%	5.7%	3.7%
65+	6%	1.5%	0.8%

2.3.8 Design and delivery of government payments, particularly emergency financial support payments, create access barriers for victim survivors at the time of crisis

The literature shows that aspects of the design and delivery of government payments are impractical or unachievable for someone experiencing the impacts of family and domestic violence.^{lxvi} Challenges with the design and delivery of payments create barriers to victim survivors being able to access the critical support that they are eligible for, when they need it.^{lxvii} These challenges are further compounded for victim survivors who:

- Have dependents or caring responsibilities
- Intersect with other demographic factors, such as First Nations, people with disability, living in a regional/remote area, or have low levels of English
- Have difficulties accessing or using the internet^{lxviii}

The literature highlights the following barriers specific to victim survivors of family and domestic violence who seek to access government payments. Some of the literature references specific payments while the remainder speaks more generally about a victim survivors experience engaging with the welfare system. A specific payment is indicated when referenced, noting that in these instances, the barrier may be also relevant to other emergency financial support payments or income support payments.

Payment design

From the literature, government payment eligibility criteria often do not account for the complexity and variability of an individual victim survivor's situation. For example, an income support payment amount is determined by whether the recipient is a member of a couple. The complex and volatile nature of family and domestic violence makes it very difficult to demonstrate and accurately assess whether a victim survivor is or is not in a relationship. This can result in debts being raised if a victim survivor temporarily returns or if a Centrelink staff member incorrectly assesses their status.^{lxix} Additionally, the emergency financial support payment 'change to living arrangements' requirement can exclude victim survivors or impede on their ability to plan their exit effectively. As it can be difficult to demonstrate the intention to leave, victim survivors are often deemed ineligible if they are developing a safety plan whilst still cohabitating.^{lxx} In some instances, a victim survivor may not disclose they are still cohabitating so that they are deemed eligible, with the knowledge of this used as leverage by the perpetrator further impeding on the victim survivors' ability to leave.^{lxxi} The reasons for Family Violence Crisis Payment claim rejection highlight these challenges (Figure 29). In addition to the 17.2% (5,455) of rejections due to being unable to verify circumstances by

a third party, 13.8% (4,395) of rejections were because the claimant either did not intend to establish a new home, or because the alleged perpetrator was not living with the claimant.

Further, information about the availability, eligibility and application process for government payments is considered limited, difficult to access and/or conflicting.^{lxxii} The resulting confusion for victim survivors can create delays in processing an application if it was incomplete or required documentation not supplied.

The Escaping Violence Payment evaluation also highlighted the challenges that victim survivors face in relation to gathering identification and evidence of violence, separation or financial hardship. For example, victim survivors may not have access to their identification or other key documents because of a perpetrator restricting access. If the victim survivor has left the home, they may have done so in an emergency without taking this documentation or it may be unsafe to re-enter the home to collect it. Reports from police or doctors are critical evidence to demonstrate the experience of family and domestic violence, however victim survivors may not feel safe to report to authorities due to safety concerns, or fear of stigma or lack of culturally appropriate supports. These concerns are heightened in regional and remote areas where the perpetrator may have personal or professional ties to local authorities. Further, it can be complicated to prove a recent change of address if the victim survivor is now staying with their personal network, in temporary accommodation (e.g. motel) or sleeping rough. Victim survivors may not want to disclose their new address due to safety concerns around the perpetrator. Economic abuse can also impact on a victim survivor's ability to demonstrate the financial hardship requirement. For example, victim survivors may not have a bank account in their name, or conversely, may have had a bank account, income or property in their name which they do not have access to. Or they may have put money aside as part of their exit strategy which impacts on their eligibility.^{lxxiii} This provides additional context for why the reason provided for 17.2% (5,455) of Family Violence Crisis Payment claim rejections for 2023-2024 being 'unable to verify circumstances by a third party' (Figure 29).

The application forms and supplementary documentation required are often considered too onerous. The literature cites victim survivors' being confused and overwhelmed about the application process. There is often insufficient help to complete an application form for those who need support or could not access the required documentation. This can further result in processing delays.^{lxxiv}

Timeframes for lodging emergency financial payment applications are not reasonable. For example, a 7-day application window to Centrelink for a Family Violence Crisis Payment is often too short for victim survivors who are dealing with injury and trauma, who may have already utilised help from family and friends for immediate support before lodging.^{lxxv} For the 2023-2024 period, 7.7% of Family Violence Crisis Payment rejected claims (2,455 claims) were a result of the claim not being lodged within the required period (Figure 29). This data does not capture the number of people who did not apply for the payment because they were not aware of the payment until after the 7-day application window expired. Further, the standard wait time, or associated delays, to receive a payment can often be too long. Delays in waiting to receive a payment can add significant stress to victim survivors, prolong the experience of violence and/or result in homelessness.^{lxxvi}

The period for receipt of emergency financial support payments is often insufficient. For example, the 12-week Escaping Violence Payment period is considered insufficient for overwhelmed victim survivors to navigate multiple service systems and to secure stable housing for themselves and their children. The pressure to utilise funds during a 12-week timeframe can also lead to rushed or inappropriate decision-making.^{lxxvii}

Further, the Family Violence Crisis Payment requires applicants to already be in receipt of a government income support payment which doesn't account for the potentially dramatic change in financial circumstances for a victim survivor pre and post separation.^{lxxviii} Finally, some payments disqualify victim survivors based on residency status, with dire results for culturally and linguistically diverse people without Australian citizenship.^{lxxix}

Payment delivery

From the literature, victim survivors aren't always available or responsive at the time of being contacted by Centrelink about their application or payment. Common reasons identified in the Escaping Violence Payment evaluation include a victim survivor's lack of access to devices, phone credit, or internet, alongside safety concerns with answering an unknown number, ongoing abuse through digital services, discomfort disclosing personal information to strangers, distrust of institutions, and a lack of culturally safe communication.^{lxxx} For the 2023-2024

period, the most common reason for a Family Violence Crisis Payment claim rejection is the claimant could not be contacted (48%) (Figure 29).

The open plan design of Centrelink offices and interview formats can act as a deterrent for disclosure. Disclosure is required to meet emergency financial support payment eligibility requirements and also to request an exemption from the mutual obligations of income support payments. People may be required to repeat their story to multiple staff members, which is both retraumatising and a further deterrent for completing an application process.^{lxxxix} People's experience and outcomes can be highly varied depending on the individual Centrelink staff they interact with. The literature highlights that often payments are often not delivered in a trauma-informed way, noting a lack of compassion and discretion by some Centrelink staff as key issues.^{lxxxix} This is impacted by a staff member's:

- Proactiveness or willingness to activate a relevant response and/or apply discretion e.g. provide referrals, recommend additional or alternative payments, apply exemption from criteria and obligations.^{lxxxix}
- Staff interpersonal skills cause some victim survivors to report feeling “belittled... not listened to... or threatened with losing their payments”, which causes anxiety and depression.^{lxxxix}

2.4 The impact of government payments on a victim survivor's decision to return to a violent relationship

This section explores insights from the research regarding the impact of government payments on a victim survivor's decision to return to a violent relationship.

In the literature, the same five complex and interrelated factors that influence a victim survivor's decision to leave a violent partner can influence a decision to return to a violent relationship: safety to self and children, finances, housing, support systems and personal. The threat of retaliatory violence to themselves and/or their children is a common reason for victim survivors to return.^{lxxxix} The reality of having to pay for the costs of separation and provide for the ongoing essential needs of themselves and their children also often compels a victim survivor to return^{lxxxix} as does the inability to secure or sustain safe and stable housing.^{lxxxix} Limited access to support systems further raises the likelihood of them returning.^{lxxxix} The literature also provides that love and hope for change were among the reasons that victim survivors chose to return to a violent relationship.^{lxxxix}

The data focuses narrowly on insights into the financial factors, specifically on the relationship between government payments and returning to a violent relationship.

The overall insights from this section are:

- Victim survivors who receive government payments may be slightly more likely to return to a violent relationship than those on salary or wages.
- Victim survivors who receive government payments may be slightly more likely to temporarily separate from a violent partner more frequently before leaving permanently, than those on salary and wages.
- Returning to a violent relationship varies across cohorts.
- Elements of the design and delivery of government income payments create barriers for victim survivors to maintain payments, potentially increasing likelihood to return.

Although the data suggests that victim survivors who receive government payments are more likely to return to a violent relationship, or temporarily separate before leaving permanently, than victim survivors on salary or wages, it is insufficient to make conclusive statements on the relationship between government payments and the decision to return. Inferences can be made based on the data available that support findings from literature, but definitive conclusions require further research. This is primarily due to a lack of suitable data that allows analysis to determine causation, and a lack of statistical significance in many analyses. A rigorous estimation of the actual costs for a victim survivor to leave and reestablish themselves and, if relevant, their children, is a key gap in the current literature that could support more conclusive findings.

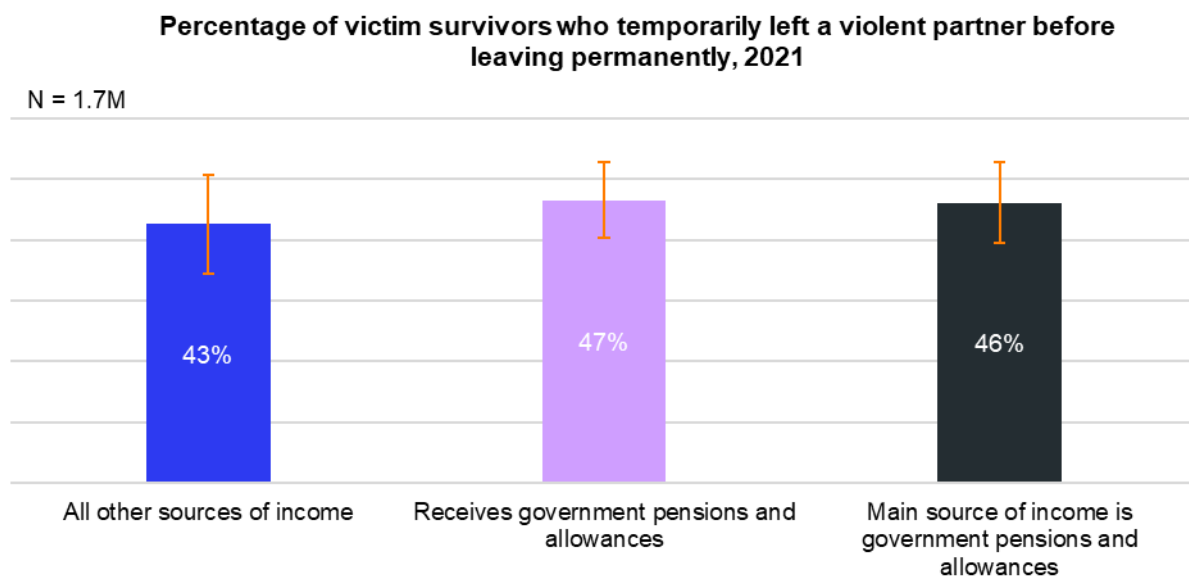
It is also important to note the following data limitations:

- **PSS data:** The PSS asks whether a victim survivor has temporarily separated from a violent partner. For this analysis, this is assumed to be the equivalent of returning to a violent relationship.
- **DOMINO data:** Additional to the challenges identifying victim survivors within DOMINO data, is the inability to reliably flag victim survivors who return to a violent relationship. DOMINO does not contain data on active relationships other than indicators of married, de-facto and registered that are reported to Services Australia. As set out in the definitions in Appendix 2: Key definitions, a victim survivor is considered to have returned to a violent relationship if they recorded re-commencing a relationship with the same partner as at the time of the crisis. This relies on a Family Violence Crisis Payment recipient reporting their change in relationship status with Services Australia. Given the exceptionally low return rates within DOMINO compared to PSS (see 5.2 Data sources and limitations and Appendix 1: Methodology), it is likely that many Family Violence Crisis Payment recipients do not report their change in relationship status.
- **DEX data:** DEX does not capture whether an Escaping Violence Payment recipient returns to a violent relationship or not.

2.4.1 Victim survivors who receive government payments may be slightly more likely to return to a violent relationship than those on salary or wages

From the PSS, of the cohort of victim survivors who have left a violent partner, those who receive any government payment may be slightly more likely to have temporarily separated from a violent partner before leaving permanently than those on other sources of income (Figure 33). However, this insight is not statistically significant when accounting for error and warrants additional investigation. A similar pattern is seen in the 2016 PSS data which is also not statistically significant.

Figure 33. Percentage of victim survivors who temporarily left a violent partner before leaving permanently, PSS 2021

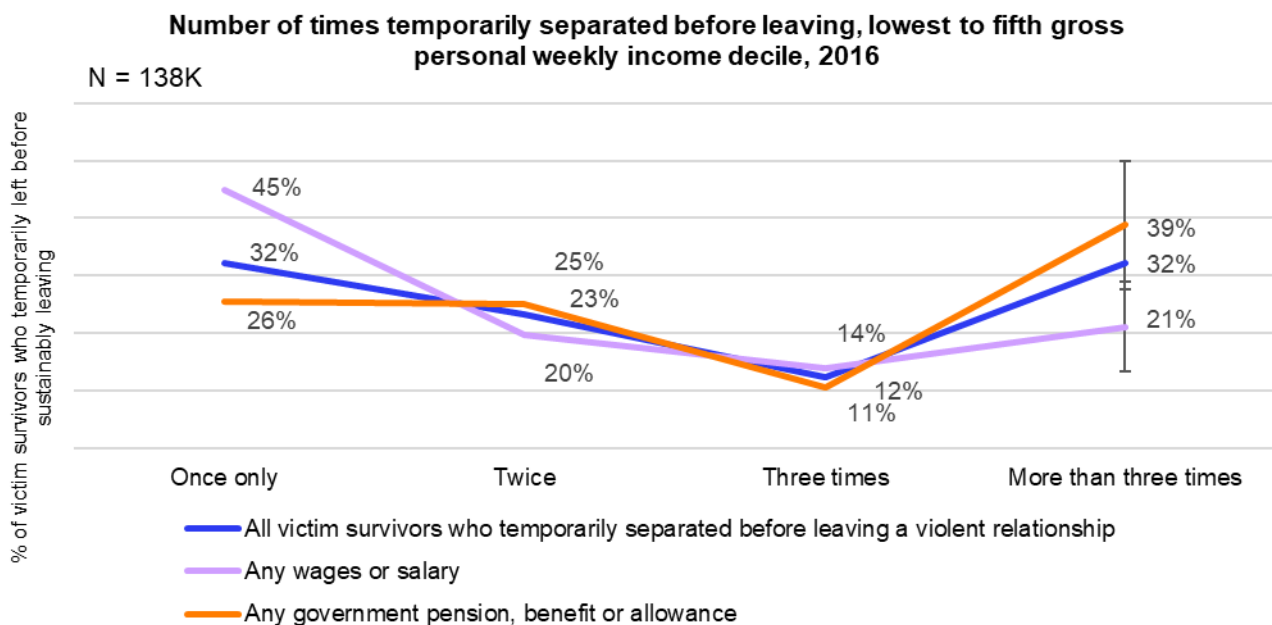


In contrast, only 3.3% of Family Violence Crisis Payment recipients from DOMINO reported returning to a violent relationship. This figure almost certainly underestimates the true return rates, due to data gaps regarding reporting relationships. For example, DOMINO only includes indicators for people in de facto, married, or registered relationships. Despite this, those that return to relationships as recorded in DOMINO can be used as a reasonable proxy for those who have returned overall for the purposes of comparing between cohorts. As such, further analysis of this group may help identify which cohorts are more or less likely to return to a violent relationship.

2.4.2 Victim survivors who receive government payments may be slightly more likely to temporarily separate from a violent partner more frequently before leaving permanently, than those on salary and wages

From PSS, of victim survivors who temporarily separate within the lowest 50% of gross personal weekly income, those who receive government payments seem to separate more times (39% of lower-income victim survivors on government payments temporarily separated more than three times before leaving permanently) compared to those on any wages or salary (Figure 34). Whilst this insight is not statistically significant¹⁴, combined with literature (Section 2.2.1.3), it suggests that, when accounting for income, victim survivors who receive government payments and are more financially vulnerable, are likely to face more challenges in permanently leaving a violent partner.

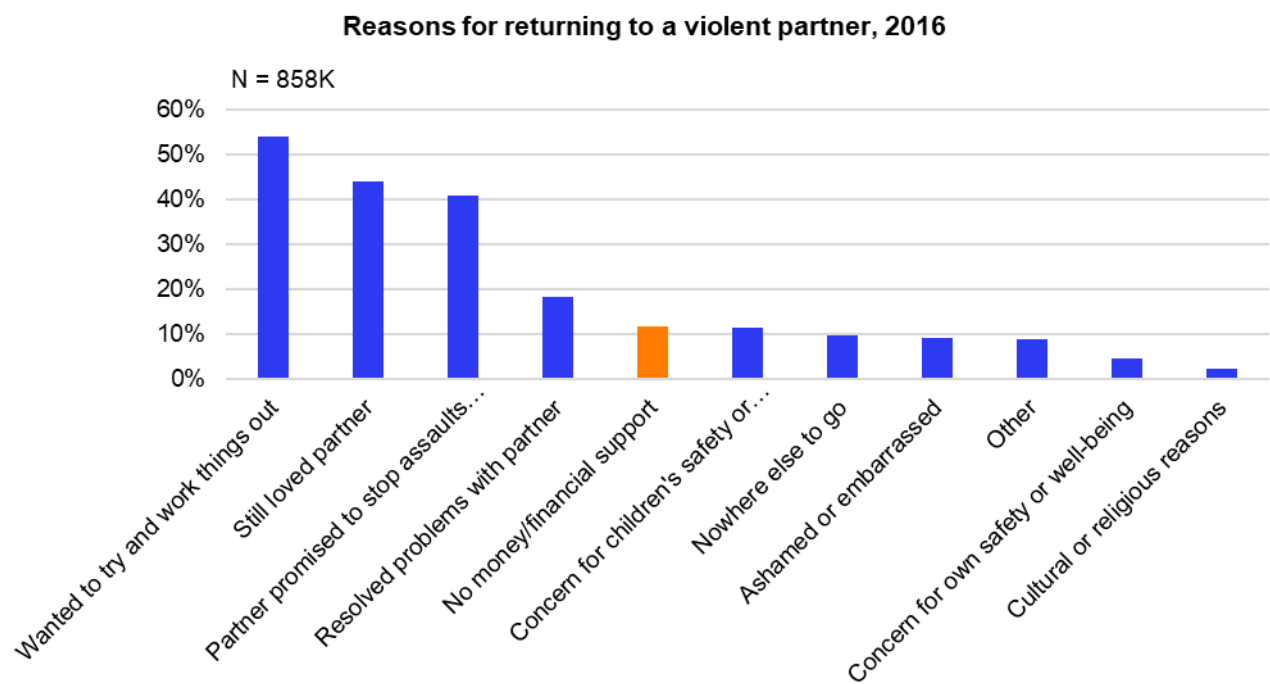
Figure 34. Number of times a victim survivor temporarily separated before leaving a violent relationship, within the lowest to fifth gross personal weekly income decile, PSS 2016



While the PSS does not capture reasons for leaving, it does capture reasons for returning to a violent partner which reflect the personal nature of the decision to leave. The four most common reasons for returning to a violent partner were primarily around the relationship with the partner. 'No money/financial support' was the fifth most common reason listed (Figure 35).

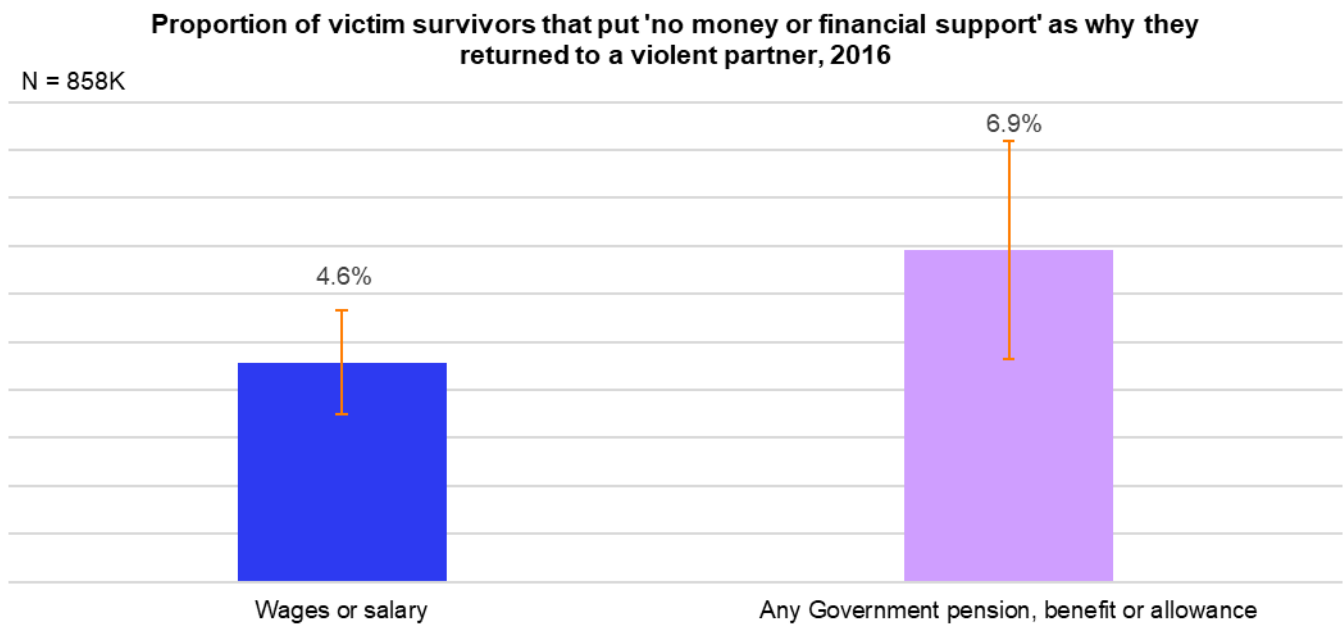
¹⁴ As an example, the proportion of people in the lowest to fifth decile of income who receive any government pension and who return more than three times to a violent relationship is 39% ± 11%, meaning that the result could be between 28% to 50%. The proportion of people in the lowest to fifth decile of income who receive any wages or salary and who return more than three times to a violent relationship is 21% ± 8%, meaning that the result could be between 13% to 29%.

Figure 35. Reasons for returning to a violent partner, PSS 2016



However, victim survivors who returned to a violent relationship and received government payments were more likely to report that ‘no money or financial support’ as the reason for returning than those on salary or wages. Whilst this result is again likely not statistically significant as the error bars overlap, it contributes to the inference that victim survivors on government payments are more likely than those on wages or salary to have finances influence their decision making (Figure 36).

Figure 36. Proportion of victim survivors that put ‘no money or financial support’ as the reason they returned to a violent partner, PSS 2016



2.4.3 Returning to a violent relationship varies across cohorts

Certain characteristics may be associated with victim survivors being more likely to return. This includes being CALD, having young children, being younger or older, and living in a more rural area. First Nations people do not appear to return at materially different rates from all emergency financial support payment recipients, while evidence for people with disability is mixed.

2.4.3.1 First Nations Family Violence Crisis Payment recipients may be similarly likely to return to a violent relationship as all payment recipients

From DOMINO, First Nations recipients of Family Violence Crisis payments appear to be similarly likely to return to a violent relationship as all recipients (Table 3).

Table 3. Rate of return of First Nations Family Violence Crisis Payment recipients, DOMINO

	Percentage who returned
All Family Violence Crisis Payment recipients	3.3%
First Nations	3.4%

2.4.3.2 Evidence on the likelihood of CALD people to return is mixed and inconclusive

From PSS, victim survivors of previous partner violence who were born in non-main English-speaking countries appear to be less likely to have returned to a violent partner before permanently leaving than those from main English-speaking countries or born in Australia (Table 4).

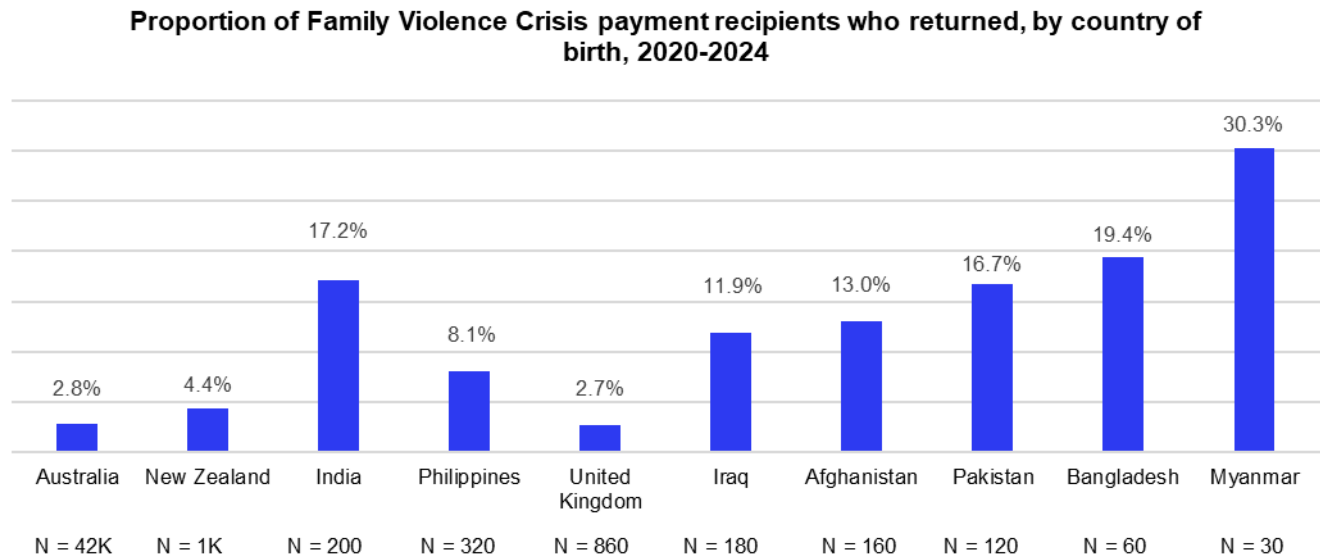
Table 4. Return rates by country of birth, PSS

Demographic	Percentage who temporarily left before permanently leaving	
	All	Receives government payments
Victim survivors born in Australia who experienced previous partner violence	47.0%	51.7%
Victim survivors born in main English-speaking countries outside of Australia who experienced previous partner violence	46.0%	44.0%
Victim survivors born in non-main English speaking countries who experienced previous partner violence	42.2%	45.0%

In contrast, Family Violence Crisis Payment recipients who were born in non-English speaking countries appear to report significantly higher return rates than those from Australia and other English-speaking countries (UK, NZ)

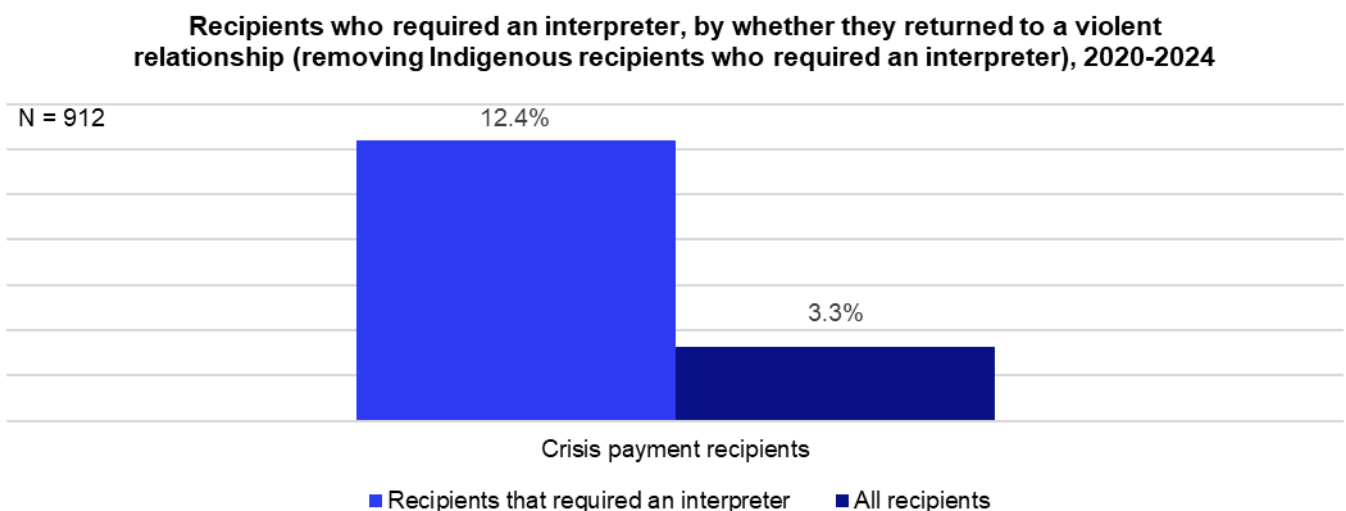
(Figure 37)¹⁵. Victim survivors from Myanmar, Bangladesh, Pakistan and India appear to have higher rates of returning to a violent partner than those from other countries (Figure 37). Note that some countries have been excluded due to limited data.

Figure 37. Proportion of FV Crisis Payment recipients that returned, by country of birth, DOMINO (sample sizes rounded to nearest ten)



In addition, 12% of Family Violence Crisis Payment recipients who required an interpreter return to a violent relationship (Figure 38), which is significantly higher than all recipients¹⁶. This suggests that financially vulnerable CALD victim survivors may be more likely to return to a violent relationship, particularly when there is a lack of appropriate services for people who speak languages other than English. Given the uncertainties relating to the inability to reliably flag a victim survivors return within DOMINO and subsequent reliance on a victim survivor reporting a change in relationship status as the indicator of return to a relationship, there is a possibility that recipients born in non-English speaking countries are more likely to be diligent in reporting a change in relationship status to Services Australia than other recipients.

Figure 38. Return rates of Family Violence Crisis Payment recipients who required an interpreter (removing First Nations recipients who required an interpreter), DOMINO



¹⁵ Significant to $p < 0.001$ using Pearson's Chi-squared test

¹⁶ Significant to $p < 0.001$ using Pearson's Chi-squared test

2.4.3.3 Victim survivors with children may be more likely to return to a violent relationship than those without children

From both PSS and DOMINO, victim survivors with any children appear to be more likely to return to a violent relationship than those without children. From PSS, 50% of victim survivors with any children reported returning to a previous violent partner before permanently leaving, compared to 44% of victim survivors without children (Table 5). The return rates appear to be higher for victim survivors with children who receive government payments (57%).

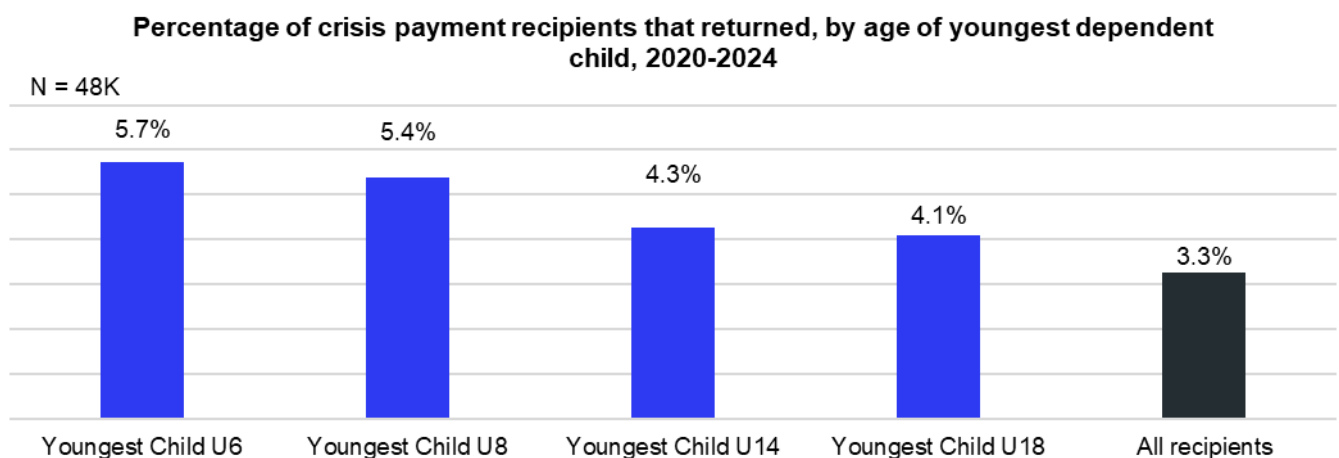
Table 5. Return rates of victim survivors with dependent children, PSS

Demographic	Percentage who temporarily left before permanently leaving	
	All	Receives government payments
Victim survivors with any children who have experienced previous partner violence	50.3%	57.1%
Victim survivors without children who have experienced previous partner violence	44.2%	44.9%

From DOMINO, 5.7% of Family Violence Crisis Payment recipients whose youngest child was U6 return to a violent relationship, compared to 3.3% of all recipients. There appears to be a significant relationship between the age of the youngest child and likelihood to return, with the younger the child the more likely they are to return (Figure 39)¹⁷.

The literature identifies the lack of affordable and available childcare as a key challenge specific to victim survivors with children post-separation. Inaccessible childcare is a significant barrier to employment and education. This negatively affects a victim survivor's ability to maintain employment and to meet the mutual obligation requirements of JobSeeker and Parenting payments. This situation intersects with low adherence to child support payments by perpetrators, which increases victim survivors' reliance on government payments.^{xc}

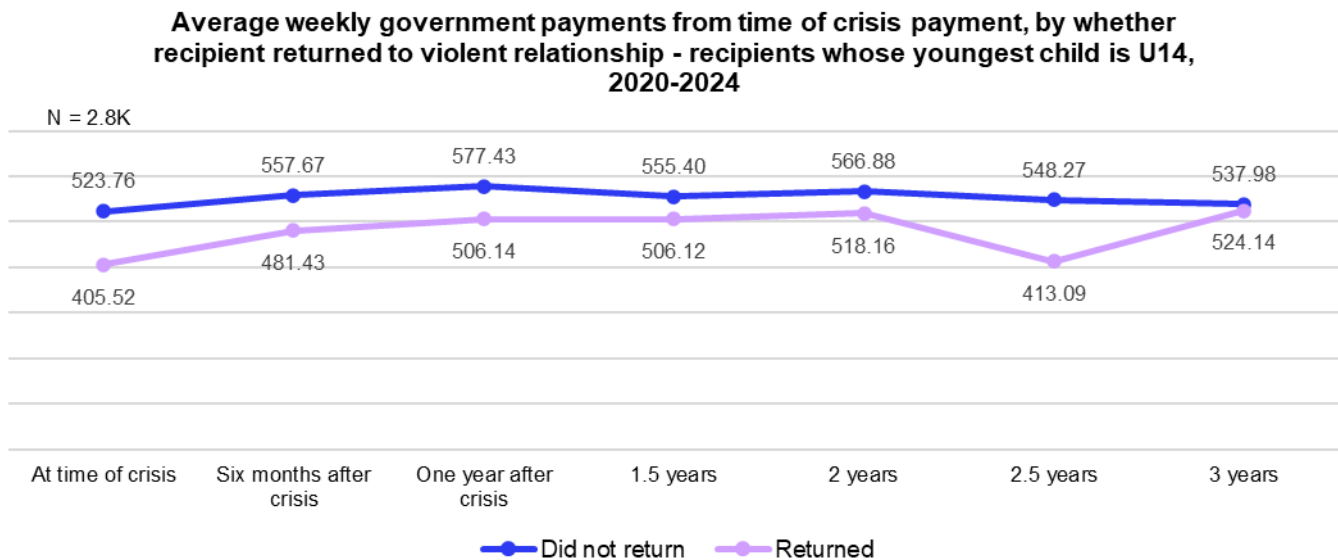
Figure 39. Percentage of Family Violence Crisis Payment recipients that returned, by age of youngest dependent child, DOMINO



¹⁷ Significant to $p > 0.002$ using Pearson's Chi-squared test

Family Violence Crisis Payment recipients whose youngest child was U14 who do not return to a violent relationship receive on average slightly more income from government payments than recipients whose youngest child was U14 who do return (Figure 40). For this cohort, the average recipient who returned received ~\$118 less per week than those who didn't. This suggests that financially vulnerable victim survivors with dependent children might be more sensitive to financial considerations than those without.

Figure 40. Average weekly government payments from time of emergency financial support payment, by whether recipient returned to violent relationship, for single recipients who have their youngest child U14, DOMINO



2.4.3.4 Younger and older victim survivors who receive government payments seem more likely to return to a violent relationship

Across both PSS and DOMINO, victim survivors aged 18-34 and 55+ seem to be more likely to return to a violent relationship (Table 6;

Figure 41). That the different age groups have different rates of returning is statistically significant in DOMINO¹⁸. From PSS, the return rate appears to be highest within the 35-44 age group from victim survivors who receive government payments, although this data is subject to significant uncertainty.

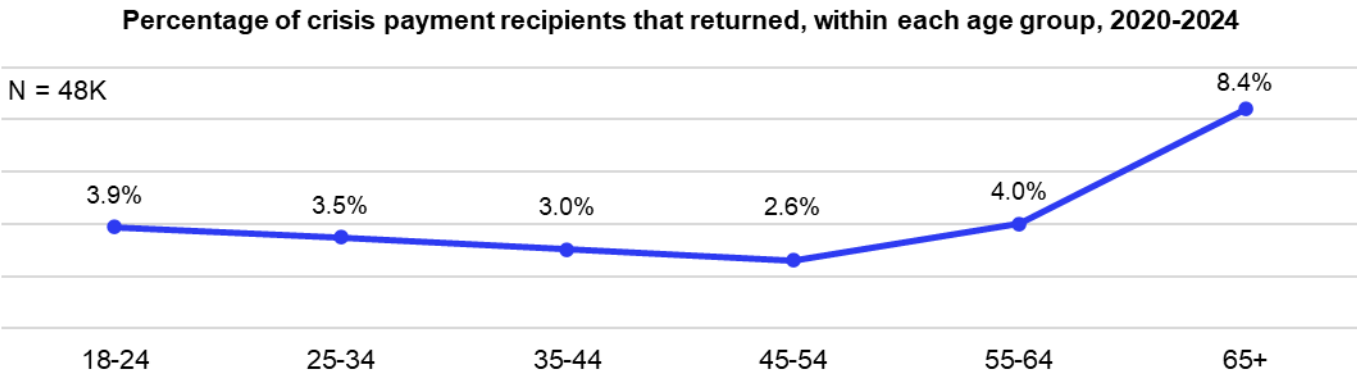
Table 6. Return rates by age group, PSS

Age Group	Percentage of victim survivors who temporarily left a violent relationship before permanently leaving	
	All	Receives government payments
18-24	69%	Sample size too low
25-34	53%	51%
35-44	50%	59%
45-54	42%	56%
55-64	46%	47%

¹⁸ Significant to $p < 0.001$ using Pearson's Chi-squared test

65+	36%	38%
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Figure 41. FV Crisis Payment recipients by age group and rate of return, DOMINO



2.4.3.5 Victim survivors with a disability may be more likely to return to a violent relationship

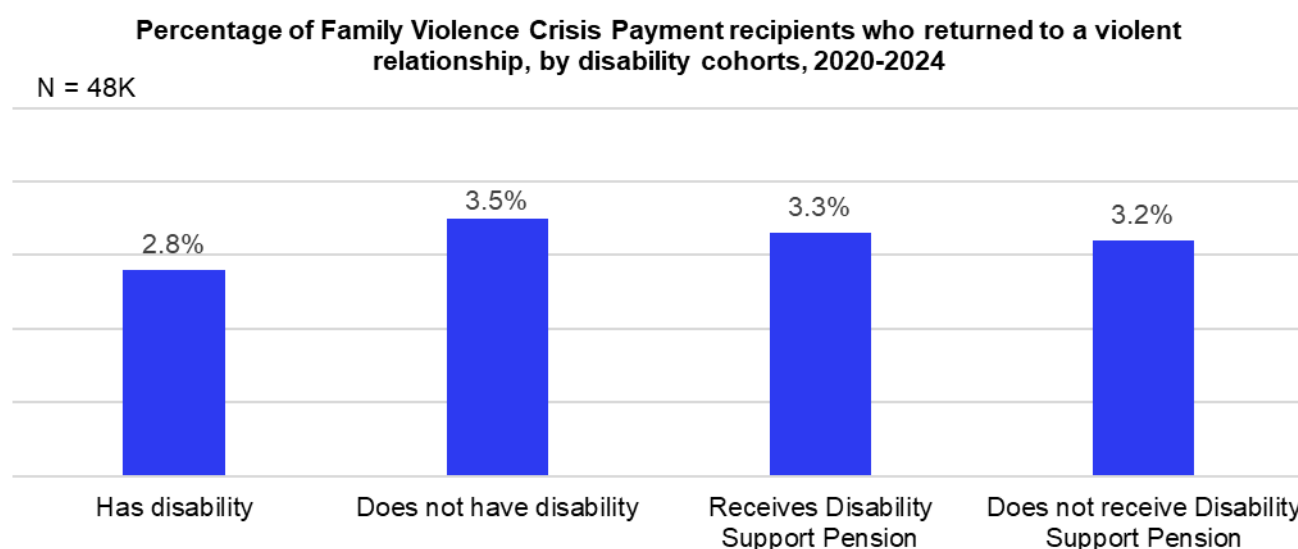
From PSS, victim survivors with a disability appear to be more likely to return to a violent relationship before leaving permanently (Table 7).

From DOMINO, Family Violence Crisis Payment recipients who receive the disability support pension do not seem to return at materially different rates, but Family Violence Crisis Payment recipients who have a disability (using a proxy of those who have an incapacity that leads to reduction in hours of work and/or the receipt of the disability support pension) potentially return at a lower rate than those who don't report having a disability (Figure 42). This may imply that those with milder disability are less likely to return.

Table 7. Return rates by disability status and proxies, PSS

Demographic	Percentage who temporarily left before permanently leaving	
	All	Receives government payments
Victim survivors with a disability who have experienced previous partner violence	48.7%	51.6%
Victim survivors without a disability who have experienced previous partner violence	44.6%	47.2%

Figure 42. Prevalence of FV Crisis Payment recipients who receive the Disability Support Pension and who return, and people who have disability and who return, DOMINO¹⁹



2.4.3.6 Victim survivors who live outside of major cities have increasing likelihood to return to a violent relationship the more remote they are

Victim survivors of family and domestic violence who live outside of major cities have increasing likelihood to return to a violent relationship the more remote they are (Table 8 and Figure 43). This is statistically significant in DOMINO²⁰. From PSS, it appears that there is little variation in return rates by remoteness amongst victim survivors who receive government payments.

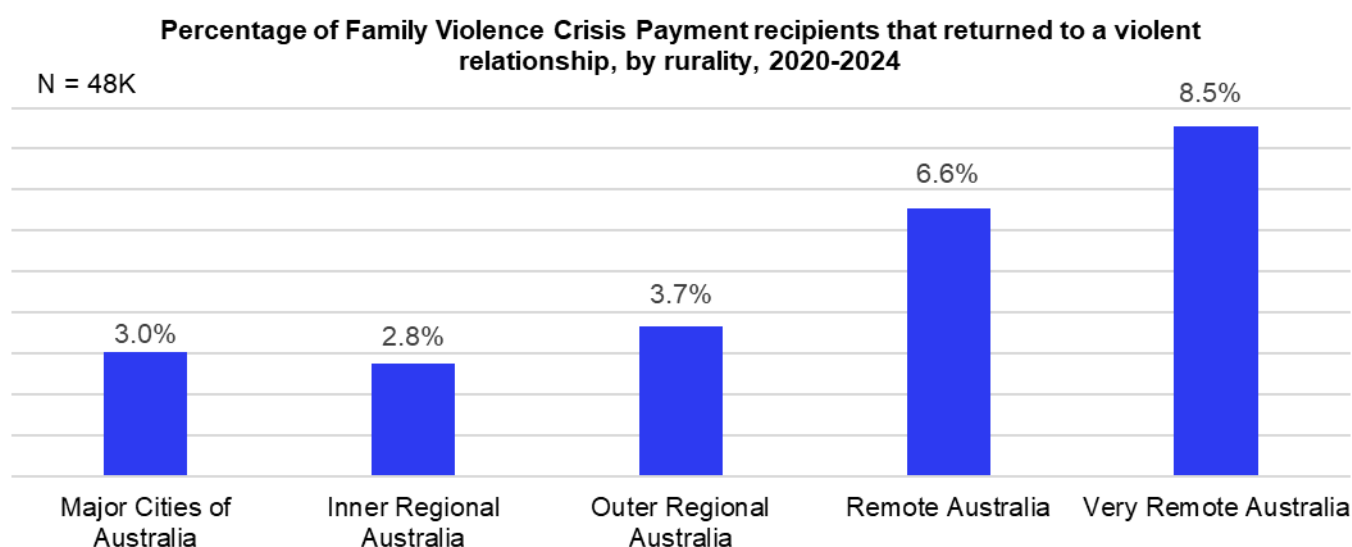
Table 8. Return rates by remoteness area (ARIA), PSS

Remoteness	Percentage of victim survivors who temporarily left before permanently leaving	
	All	Receives government payments
Major Cities of Australia	45.7%	50.9%
Inner Regional Australia	45.8%	48.5%
Outer Regional Australia	49.0%	48.2%
Remote Australia	54.5%	Sample size too small
Very Remote Australia	Data not available	Data not available

¹⁹ Difference between has disability and does not have disability is significant ($p < 0.005$) using Pearson's Chi-squared test

²⁰ Significant to $p < 0.001$ using Pearson's Chi-squared test

Figure 43. Percentage of FV Crisis Payment recipients that report returning to a violent relationship, by rurality, DOMINO

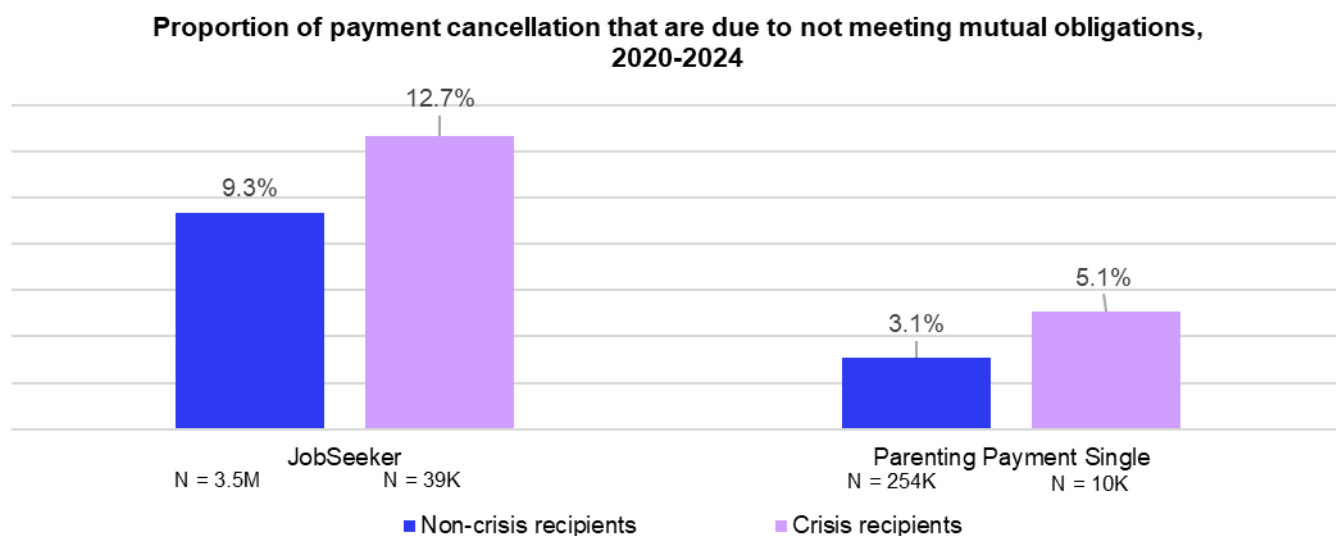


2.4.4 Elements of the current design and delivery create barriers for victim survivors to maintain government income payments, potentially increasing likelihood to return

Aspects of the current government income payment design and delivery creates barriers to victim survivors being able to maintain access to the payments that they are eligible for.²¹ The literature highlights the following barriers specific to victim survivors of family and domestic violence being able to maintain access to government payments, and therefore maintain independence from a violent relationship.

JobSeeker and Parenting Payment Single recipients are required to complete mutual obligation tasks and activities, with the aim to help the recipient to find employment. DOMINO data suggests that those who have experienced family violence and received the Family Violence Crisis Payment appear to be significantly more likely to have their income payments suspended or cancelled due to not meeting mutual obligations than non-emergency financial support payment recipients (Figure 44)²¹.

Figure 44. Government income payment cancellations due to not meeting mutual obligations, by government income payment and whether or not Family Violence Crisis Payment is received, DOMINO

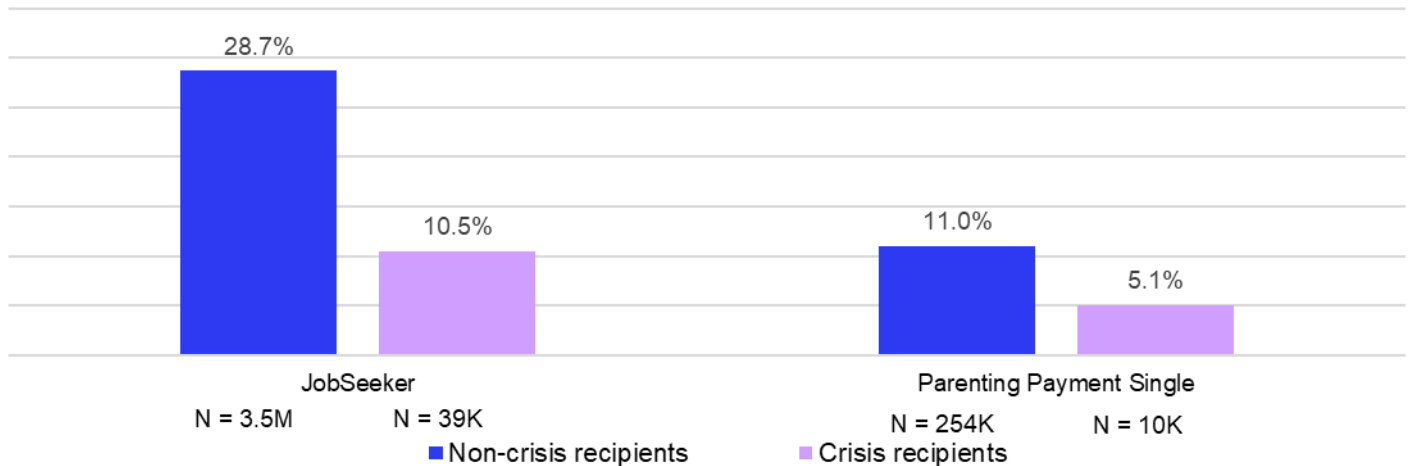


²¹ Significant to $p < 0.001$ using Pearson's Chi-squared test

Conversely, those who have received the Family Violence Crisis Payment are significantly less likely to have their income payments suspended or cancelled due to a 'failure to report' reason (Figure 45)²².

Figure 45. Government income payment cancellations due to failure to report (an automated cancellation), by income payment and by receipt of Family Violence Crisis Payment, DOMINO

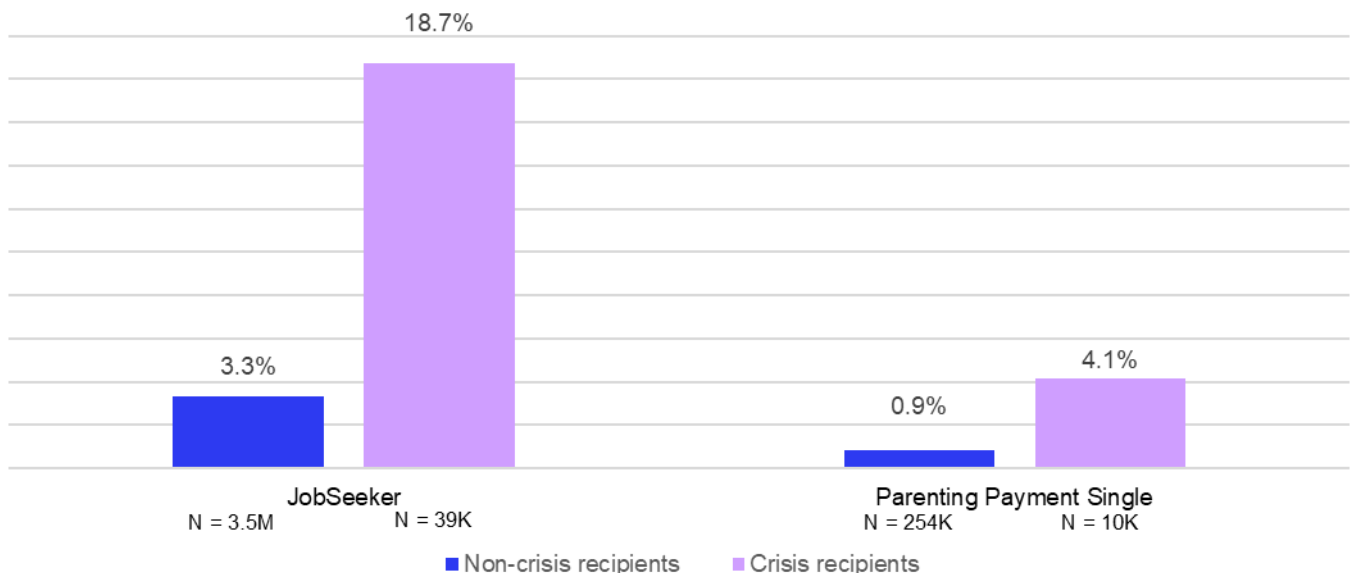
Proportion of payment cancellation that are due to failure to report (automated), 2020-2024



Additionally, there is a significantly greater prevalence of payment cancellation due to recipient being in prison amongst recipients of Family Violence Crisis Payment (Figure 46)²³. The rationale for this was not explored due to time constraints and warrants further investigation

Figure 46. Government income payment cancellations due to payment recipient being in prison, by income payment and by receipt of Family Violence Crisis Payment, DOMINO

Proportion of payment cancellation that are due to payment recipient being in prison, 2020-2024



The literature highlights that it can take significant time for a victim survivor to heal from the experience of family and domestic violence. Some forms of violence carry permanent injury. As a result, a victim survivor may not be able to

²² Significant to $p < 0.001$ using Pearson's Chi-squared test

²³ Significant to $p < 0.001$ using Pearson's Chi-squared test

effectively engage in the education or employment activities expected of others on JobSeeker until they have had the opportunity to address their physical and mental health. Often the physical and mental injuries incurred are permanent making mutual obligation requirements impossible to meet. Victim survivors may also have increased post-separation responsibilities such as caring for children, searching for long-term accommodation and attending court for ongoing legal matters. These are time consuming and of greater urgency or priority than applying for jobs.^{xcii} Victim survivors may also have no access to transport or other items such as computers needed for job applications.

Recipients who are experiencing family and domestic violence may receive a temporary exemption, but this is granted at the discretion of Centrelink staff.^{xciii} The literature also notes that victim survivors may not be made aware of available exemptions or experience difficulty securing them.^{xciv}

Further, government payment recipients receive financial penalties (such as a payment cut off or debt incurred) for not providing accurate or up to date information. The literature highlights that victim survivors may not have access to critical documents or information and may be penalised for unintentionally providing misinformation. Additionally, perpetrators may intentionally commit fraud (e.g. by providing incorrect information) as a form of economic abuse. In these circumstances, the victim survivor still faces financial penalties to their payments.^{xcv}

The literature also provides examples of victim survivors being cut off from payments or accruing debts due to Centrelink administrative errors. Often victim survivors are not compensated for these errors. In addition to the loss of critical income, the paperwork, phone calls and/or in person visits required to amend these errors can consume a considerable amount of time and add to the victim survivor's stress.^{xcvi}

3 Conclusions

This research aims to expand the evidence base on the impact of government support payments on the decision of a victim survivor to leave a violent relationship. As noted in the Introduction, three focus areas were agreed as priorities within this broad objective:

- **Priority 1.** Interrogate the hypothesis that government payments are inadequate for a victim survivor to decide to leave a violent relationship and not return.
- **Priority 2.** Explore the challenges victim survivors face accessing government payments, including the application process, design and delivery of payments.
- **Priority 3.** Identify data and literature gaps, and make recommendations for how these may be addressed to enable improved understanding of the impact of government payments on victim survivors.

As an overall conclusion, the research does expand the relatively limited existing evidence base in relation to the impact of government payments on the decision of a victim survivor to leave a violent relationship. Specifically, it sets out what can (and cannot) be determined from analysis of the three datasets: the Personal Safety Survey, DOMINO and DEX. It also highlights the available evidence from literature, noting that in general there is very little literature available on the impact of government support payments on victim survivors of family and domestic violence. Further detail on the key areas in which the research expands the evidence base is set out below.

There were significant limitations to interrogating the Committee's first priority. One limitation was timeframe for the research. More significantly, limitations with the available data meant that analyses were only able to provide indications or inferences regarding the adequacy of government support payments, largely through highlighting the financial vulnerability of victim survivors of family and domestic violence more generally. The literature contributes some insight into the factors that a victim survivor considers in their decision to leave or return to a violent relationship, however, financial considerations are not specific to government payments. The limited literature that considers the adequacy of government payments for victim survivors concludes that the payments are not sufficient to meet needs. The majority of the literature focuses on the adequacy of government income support payments for all recipients and has already been explored in some detail by the Committee in prior reports.

Through the literature, the research has been able to explore the second priority, the challenges facing victim survivors in accessing government support payments due to design and delivery of payments, with a focus on emergency financial support payments.

Finally, the research has been able to identify data and literature gaps and make recommendations for how these gaps may be addressed.

The following sets out the conclusions on the key areas in which the research does expand the evidence base in relation to the impact of government support payments on the decision of a victim survivor to leave a violent relationship.

3.1 Government payments may be inadequate for a victim survivor to decide to leave a violent relationship and not return

Overall, there is a lack of data and literature to conclusively prove that government payments deter victim survivors from leaving a violent relationship or drive them to return. The available evidence, however, suggests that there may be a connection between the two and that further research is needed.

Decision to leave

There is an interrelationship between family and domestic violence, government income support payments and financial vulnerability that is likely to affect whether a victim survivor leaves a violent relationship.

- **A victim survivor's decision to leave is highly complex, affected by many factors including safety of self and children, finances, housing, support system, and personal.** In terms of finances, both government emergency financial support payments and long-term income support payments could affect decision-making. To leave, a victim survivor might need to believe that they have access to enough resources to leave and re-establish their life in the short term (affected by emergency financial support payments) as well as believing they will be able to live sustainably long-term (affected by government income support payments). This makes the decision to leave hard to examine, as it is difficult to understand the relationship between a victim survivor's beliefs and their actions with the data and literature available.
- **Prior to leaving, the nature of government income support payments may affect a victim survivor's likelihood to leave.** A lack of money or financial support is a common reason why people in violent relationships feel unable to leave. The data suggests that people in current violent relationships who are on government payments may find it more challenging to leave than those who have other sources of income. This may be because of their financial vulnerability, or that they have a better understanding of the nature of government payments and what it would take to live on them prior to the decision to leave.

Decision to return

Following leaving a violent relationship, there is an interrelationship between family and domestic violence, government income support payments and financial hardship that is likely to affect whether a victim survivor returns.

- **Family and domestic violence appears to lead to financial hardship, especially when leaving.** Common issues include loss of employment income, loss of access to assets, increased costs due to separation and being prevented from accessing financial support they are eligible for. As a demonstration of this, victim survivors who have left are more likely to live in disadvantaged areas, while the same is not true of those in current violent relationships.
- **Likely due to this hardship, many victim survivors access government income support payments after leaving.** Compared to those in current violent relationships, those who have left a violent relationship are more likely to access government income support payments and are more likely to have them as their main source of income. Those who lost employment income when leaving are also more likely to be on government payments.
- **Victim survivors who have left and receive government payments are financially vulnerable.** Those who have left and receive government payments are more likely to be in the lower deciles of income, may be more likely to be in insecure housing, and may be more likely to have sought financial assistance from friends and family and welfare and community organisations. This, combined with the literature, suggests that government payments often do not prevent financial vulnerability and may in some cases exacerbate it.
- **Financial hardship is a common reason for people to return to a violent relationship.** While many victim survivors return due to personal reasons related to love or desire to work things out, a significant proportion report returning due to a lack of money or financial support.

It follows that the increased financial vulnerability of victim survivors on government payments may lead to them being more likely to return. While the direct evidence that victim survivors on government payments return at a higher rate is weak (in part due to a lack of data), there are some trends in the data that suggest they may be more likely to return due to lack of money or financial support.

Intersectionality

Further, the research examined the following cohorts in relation to the impact of government payments:

- **First Nations people:** First Nations people are overrepresented among recipients of government emergency financial support payments, reflecting the disproportionately high rates of family and domestic violence experienced by this group. However, only a quarter of the estimated number of First Nations people who experience family and domestic violence each year receive the Family Violence Crisis Payment, indicating potential access barriers or underutilisation of available support. First Nations victim survivors were more likely to report government payments as their main source of income, and were similarly likely to return to a violent relationship as all recipients.

- **Culturally and linguistically diverse people:** CALD victim survivors are underrepresented in recipients of government emergency financial support payments. This may stem from systemic barriers, including language difficulties, visa restrictions, and cultural stigmas that discourage reporting or help-seeking. Distrust in formal systems and culturally inappropriate services further reduce access for CALD victim survivors. CALD victim survivors were less likely to report government payments as their main source of income, though data on their likelihood to return was mixed and inconclusive.
- **People with disabilities:** Nearly half of all victim survivors of partner violence identify as having a disability. The likelihood of experiencing partner violence is higher for individuals with more severe activity limitations. Escaping Violence Payment recipients with a disability were more likely to report government payments as their main income source than all recipients. Additionally, people with disabilities frequently experience "disability-specific abuse," such as withholding medication, assistive devices, or personal care. Victim survivors with a disability may be more likely to return to a relationship than those without a disability.
- **Non-metro populations:** A greater proportion of people living outside major cities experience partner violence compared to those within major cities, and a greater proportion of victim survivors who reside outside of capital cities receive any government payments, compared to victim survivors who live in a capital city. Geographic isolation, limited access to services, and longer response times for emergency services are significant factors that exacerbate risks and challenges for rural and regional victim survivors. Victim survivors of family and domestic violence who live outside of major cities have increasing likelihood to return to a violent relationship the more remote they are.
- **Parents with children:** Victim survivors with children are disproportionately likely to experience partner violence, with 66% of victim survivors reporting they had dependent children. Victim survivors with children are more likely to receive government payments than victim survivors without children. Parents often face additional financial and housing challenges when leaving abusive relationships, including barriers to accessing affordable childcare, which affects their ability to achieve financial independence. Victim survivors with children appear to be more likely to return to a violent relationship than those without children.

There is evidence that victim survivors who receive government payments experience greater challenges in leaving and not returning to a violent relationship than victim survivors who don't receive government payments. This analysis is inconclusive but does more to support than disprove the hypothesis that government payments are inadequate for a victim survivor to decide to leave a violent relationship and not return.

3.2 Victim survivors face challenges in accessing and maintaining government payments

It is highly likely many eligible victim survivors have difficulty accessing government emergency financial support payments at the time of crisis. The data suggests that a significant proportion of victim survivors either do not apply for or do not receive the Family Violence Crisis Payment or Escaping Violence Payment. Barriers include stringent eligibility requirements, short application windows, lack of awareness, difficulty providing necessary documentation and administrative hurdles, leaving many without critical financial support during their transition out of a violent relationship. Those who have difficulty accessing emergency financial support payments may be less likely to leave a violent relationship. For those that can access emergency financial support, there is evidence the payments can improve outcomes, though many of those who access them are still highly financially vulnerable suggesting that the payments do not cover the costs of re-establishing a life.

Not all victim survivors who need them can access and/or maintain government income support payments. The data shows that victim survivors are more likely to lose payments due to not meeting mutual obligations compared to other payment recipients. The literature establishes that aspects of the design and delivery of government payments are impractical or unachievable for someone experiencing the impacts of family and domestic violence. This creates barriers to victim survivors being able to access the support that they are eligible for, when they need it. There are also unique challenges that victim survivors face in being able to meet the ongoing requirements expected of income support payment recipients.

Challenges in accessing payments appear to be compounded for particular demographic groups. First Nations victim survivors, victim survivors with dependent children, victim survivors with disability, victim survivors living in a regional/remote area, and victim survivors with low levels of English all appear to face additional challenges in accessing payments. Victim survivors with dependent children face additional complexities in maintaining access to income support payments.

3.3 Data gaps limit the ability to draw conclusions and recommendations for further research and improving data quality

There are significant data gaps and limitations that prevent conclusive findings, with the primary gap being the lack of longitudinal data that can reliably speak to the experiences of all victim survivors. Two examples highlight these limitations:

- **Example 1.** A method to understand how eligibility for government payments affect the likelihood of people to leave a violent relationship is to compare the behaviour over time of a group of victim survivors known to be eligible for government payments with a group of victim survivors known to be ineligible. This is not possible in any of the datasets accessed for this work and requires longitudinal data.
- **Example 2.** A method to understand how government payments affect the likelihood to return is to compare the behaviour of two groups over time – victim survivors that receive government payments, and an income-matched comparator group of victim survivors that receive other forms of income. This is also not possible in any of the datasets accessed for this work and requires longitudinal data.

The inability to reliably identify victim survivors of family and domestic violence within government payments datasets accessed through DOMINO meant that only the subset of victim survivors who received the Family Violence Crisis Payment could be analysed. Similarly, the DEX data only presented short-term results for the subset of victim survivors who are recipients of the Escaping Violence Payment. Further, these datasets could not reliably identify whether victim survivors left or returned to a violent relationship. Analysis on First Nations victim survivors was particularly limited due to the lack of a First Nations flag in PSS.

Conclusive findings on the impact of government payments on the decision of a victim survivor to leave or return to a violent relationship based on analysis of these datasets is not possible due to these data limitations. Inferences can be made based on the data available that support findings from literature, but definitive conclusions require further research which has been outlined below.

Further research

There are several areas of additional research which should be undertaken to better answer the research objectives:

- **A rigorous estimation of the financial costs of leaving a violent relationship.** While each situation has unique aspects, given the volume of victim survivors of family and domestic violence, it would be possible to calculate likely expenses across various situations and to project across time periods. It is challenging to make judgements about the adequacy of government income support and emergency financial support payments when the actual costs of leaving a violent relationship are not well-understood and documented.
- **Understanding victim survivor decision-making to leave or return to a violent relationship.** The factors that influence decision-making vary across time and situation and while there are unique factors for each situation, there is sufficient volume of incidents to gain a better understanding of what factors matter, when and under what circumstances. Understanding the temporal aspect of decision-making would inform what support is needed, when and how it is provided. The impact of stress and trauma on a victim survivor's decision-making frame is also not well researched in the available literature. This could be explored through engagement with victim survivors, in appropriate conditions and with ethical approvals, and tested across various contexts and timeframes.
- **Understanding the cost benefit to government and the community of improved supports, including financial support, in assisting victim survivors to leave a violent relationship.** It is clear that accessing and maintaining appropriate financial support is difficult for victim survivors leaving violent relationships. It is worth

investigating the cost benefit of additional investment in better assisting victim survivors navigate and access the services and financial supports they need when they need it, as well as improved adequacy of payments, compared to the long-term economic and social costs to government and the community of family and domestic violence (for example, through future government welfare payments, health presentations, legal costs, housing and homelessness supports etc).²⁴

- **Analysis of additional government payments – a number of government payments that are relevant to victim survivors were excluded from this research due to lack of time and their complexity.** This includes Commonwealth rent assistance, Family Tax Benefit, the Youth Allowance and the Age Pension. Conducting further analysis of these payments may surface additional findings on their relationship to family and domestic violence.

Improving data quality

As evidenced in the report and Appendix 1: Methodology, there is a significant lack of data regarding the experiences of victim survivors overtime including the impact of government payments. This includes data on their situation prior to, during and after leaving a violent relationship.

There are some targeted, immediate changes which could be made to the PSS and more importantly, Services Australia data collection (captured in DOMINO) that would improve the type and quality of the data and allow for better analysis in the short term.

Personal Safety Survey:

- Add questions regarding First Nations status
- Add questions regarding income and/or sources of income at the time of violence, to allow exploration of how income changes over time following leaving a violent relationship

DOMINO:

- Incorporate flags for family and domestic violence which are collected or recorded elsewhere in Services Australia systems into DOMINO. Potential data includes:
 - Social Worker referral by reason family and domestic violence
 - Child Support Maintenance Action Test exemption by reason of family and domestic violence
 - Mutual obligation exemption by reason of family and domestic violence
 - Unreasonable to Live at Home by reason of family and domestic violence
 - Vulnerability indicator by family and domestic violence
- This would need to include the event date, which currently may not be recorded
- Incorporate additional detail that is already being collected on Family Violence Crisis Payment recipients (left home/stayed in home) into DOMINO
- Improved data on whether someone has returned to a violent partner. This could include adding a flag to the partner table to note whether there is indication that the partner has been violent (i.e. is the cause of an emergency financial support payment)
- Make data on unsuccessful emergency financial support payment applications available, inside or outside DOMINO

²⁴ For example, a 2015-2016 report found the cost to Victoria alone of family and domestic violence was \$5.3 billion with cost to individuals and families \$2.6 billion. See [Cost-of-family-violence-in-Victoria.pdf](#)

There are some potential longer-term data collection initiatives which could be considered to fill current data gaps. These data gaps align with those recommended by the [AIHW](#) which has provided a comprehensive view of broader data gaps in family and domestic violence.

Specifically, there is no data source that contains details of a victim survivor's experience over time of both experiences of family and domestic violence and government payments. This suggests a need for large-scale longitudinal data which could be collected through either better linkages with existing data sets or creating a new dataset.

Linking existing data sources may go a long way to reducing the data gap. Combining administrative data on government payments with survey or administrative data on experiences of family and domestic violence would substantially broaden the ability of research to answer questions. For example, linking PSS with the Person Level Integrated Data Asset (PLIDA) would allow for a far greater understanding of people's journeys prior to and following domestic violence, although the existing limitations of both datasets would remain.

Investment into a large-scale longitudinal study would provide much needed evidence to inform the nature of support required by victim survivors to leave and not return to violent a relationship. There is a predominance of qualitative, small studies in the family and domestic violence literature. While HILDA style method of collecting data would be ideal, the practicalities of tracking individuals after leaving an intimate partner relationship would be difficult. Large-scale cross-sectional studies that include all the relevant variables in one survey is an option and could be paired with rigorous qualitative research such as a Diaries method study²⁵ to scientifically explore the journeys of victim survivors of family and domestic violence.

²⁵ See <https://www.usfinancialdiaries.org/> for more information on this methodology

Appendix 1: Methodology

Research design

The scope of inquiry for this research was designed to best meet the Committee's research objective and priorities within the project timeframe. Five government emergency support and income support payments were selected to be the focus of the research: JobSeeker, Parenting Payment, Family Violence Crisis Payment, Escaping Violence Payment and Disability Support Pension.

Four research questions were agreed with the Committee to guide the work, two relating to payment sufficiency and two relating to payment design:

1. How does the quantum of government payments affect a victim survivor's decision to leave a violent relationship?
 - a. Is there a relationship between amount of total income, amount of income received from government payments and likelihood of a victim survivor leaving a violent relationship?
 - b. Does this differ by overall income, payment type and/or victim survivor demographics (e.g. parents, First Nations, CALD, age, people with disability)?
2. How does the quantum of government payments affect a victim survivor's decision to return to a violent relationship?
 - a. Is there a relationship between amount of income received and likelihood of a victim survivor returning to a violent relationship?
 - b. Does this differ by payment type and/or victim survivor demographics (e.g. parents, First Nations, CALD, age, people with disability etc)
3. How does the application process for government payments affect a victim survivor's decision to leave a violent relationship?
 - a. What are the barriers that victim survivors face in accessing government payments?
 - b. Are eligible victim survivors less likely to access government payments than other eligible people who aren't experiencing family and domestic violence?
4. How do the requirements for maintaining access to government payments affect a victim survivor's decision to leave and/or return to a violent relationship?
 - a. What are the barriers victim survivors face in maintaining access to government payments?
 - b. Are eligible victim survivors less likely to maintain government payments than other people who aren't experiencing family and domestic violence?

A mixed-method research methodology was employed to investigate the agreed questions. This included consultation with Committee members and sector leaders to understand at high-level the current state of knowledge on the impact of government payments on victim survivors escaping family and domestic violence, analysis of relevant datasets to generate new insights, conducting a review of Australian and international literature to provide descriptive detail or additional context to the data analysis and to attempt to answer any research questions that the data was unable to. Professor Roslyn Russell, an academic specialising in the impacts and drivers of women's financial insecurity, provided subject matter and research expertise.

Data sources and limitations

Datasets

- **Personal Safety Survey (PSS):** A five-yearly survey of ~10,000-22,000 people about their experiences with safety and family and domestic violence, last conducted in 2021/22. The PSS survey and dataset is administered and managed by the Australian Bureau of Statistics.
- **Data Over Multiple Individual Occurrences (DOMINO):** A longitudinal event-based dataset on social security payments in Australia, which includes all people who have ever received DSS payments. The DOMINO dataset is managed by the Australian Institute of Health and Welfare.
- **Data Exchange (DEX):** A data collection system mainly used for recording data from DSS funded service providers, which contains data on the Escaping Violence Payment pilot. The DEX dataset is managed by DSS.

Data limitations

The data set limitations primarily fall into three categories:

- **Data availability:** Due to the data currently collected, there are significant gaps in understanding the impact of government payments on victim survivors of family and domestic violence. These gaps are outlined below.
- **Data validity:** Small sample sizes and restricted datasets mean that conclusions are often either unable to be reached or there is a lack of confidence that they apply to the whole population.
- **Causation:** Due to the nature of the PSS and DEX datasets, establishing causation is difficult. Where appropriate, multiple possible interpretations have been included to acknowledge the complexity of causal inferences.

The key relevant limitations for each of the three datasets are summarised below.

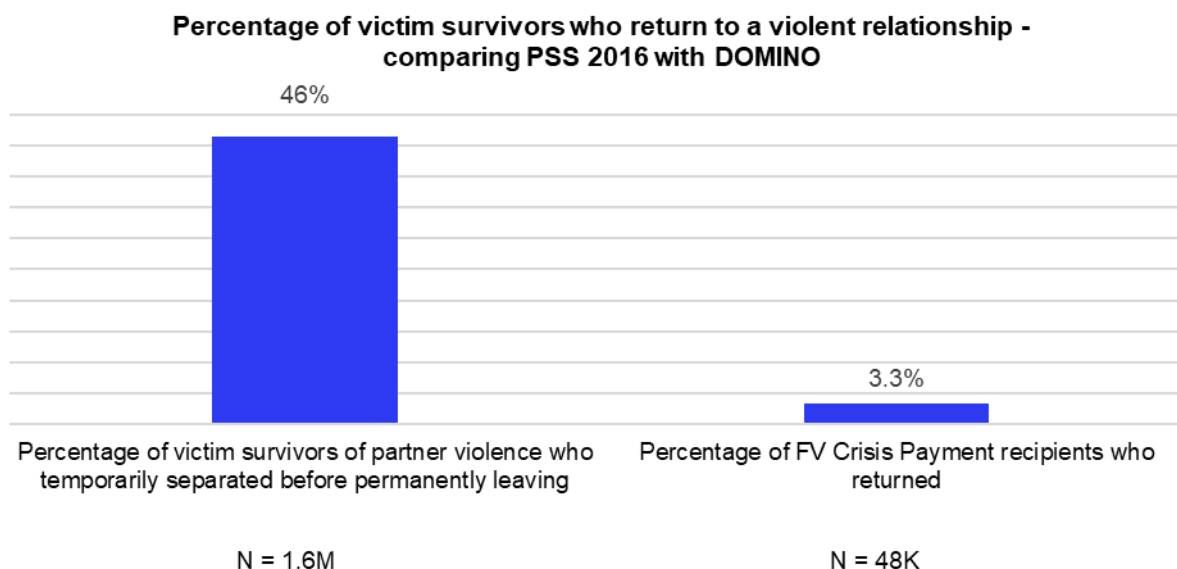
Personal Safety Survey

- **Methodological issues in PSS 2021:** The 2021 PSS dataset contains roughly half the sample size of the 2016 PSS (~11,000 compared to ~21,000). This smaller sample can prevent further subdivision of the data for in-depth analyses due to insufficient statistical strength. Moreover, the 2021 data was collected at the height of the COVID-19 pandemic, meaning both daily life and government payments were significantly affected during this period.
- **Data proximate to leaving** – Small sample sizes of victim survivors who have experienced current partner violence and/or previous partner violence within the last 12 months (PSS 2016) or 2 years (PSS 2021) limit the depth of analysis possible. Where data refers to all victim survivors, the vast majority (~80%) represented are those who have experienced previous partner violence. Therefore, charts from PSS that refer to all victim survivors mostly reflect the experience of leaving a violent partner.
- **Use of PSS 2016** – The 2016 survey data, while larger, is now eight years old and does not reflect changes to systems or payments since that time.
- **Income data** – From this dataset, it is not possible to determine an individual's income (from government or other sources) at the time of violence. Income is only recorded at the survey date, making it difficult to assess how income might change when leaving or returning to a violent relationship. Percentage of income by source is not available. In addition, the main source of income is not captured in the 2016 PSS, though it is included in 2021 data.
- **First Nations** – The Personal Safety Survey does not have a First Nations identifier
- **Economic abuse** – Economic abuse questions were not included in the 2016 survey. This means that data for economic abuse is limited to the 2021 dataset.
- **Self-reporting** – PSS data relies on the self-reporting of survey respondents and may be subject to inaccuracies or influence from a perpetrator.

DOMINO

- **Identifying victim survivors** – There is no explicit flag for victim survivors of family and domestic violence in the DOMINO dataset. Consequently, receipt of the Crisis Payment – Extreme Circumstances, Family and Domestic Violence must be used as a proxy measure. However, because eligibility for this payment is stringent, and requires the recipient to be already receiving government payments, the sample is likely to be biased toward those most disadvantaged.
- **Comparability with other datasets** – the Family Violence Crisis Payment is not restricted to intimate partner violence and thus is likely to contain other forms of family and domestic violence including between parents and children and other family members.
- **Timeframes** – DSS began differentiating among the various Crisis Payments only in January 2020, so information specific to family and domestic violence is unavailable prior to that date. It is also challenging to ascertain whether someone has returned to a violent relationship in this dataset.
- **Identifying whether a victim survivor has returned to a relationship** – There is no explicit flag for returning to a family and domestic violence situation in DOMINO. Instead, recorded return to the partner at the time of the crisis has been used as a proxy. DSS data on relationship status is also highly limited, making this dataset relatively small (Figure 47). Other limitations include not explicitly knowing that the most recent partner was the violent partner, nor that the partner was the source of violence as opposed to another family member. This also assumes timely and effective disclosure of relationship status and living arrangements to Services Australia by victim survivors which may not be reliable.
- **Child data likely unreliable** – According to the data, only 3.2K of 23.2K Family Tax Benefit recipients who received a Family Violence Crisis Payment have a dependent child or children U18, where having a dependent child U18 is a core requirement for receiving the payment. This suggests that DOMINO child relationship data is unreliable and therefore has not been used in our analysis.

Figure 47. Percentage of Family Violence Crisis Payment recipients who reported returning to a violent relationship, PSS 2016, DOMINO



DEX

- **Total Escaping Violence Payment recipient estimates unavailable** – It is not possible to estimate the total number of people receiving the Escaping Violence Payment. DSS advised “due to differences in the data dictionary definitions in reporting the data across these two datasets, the department only utilises percentages to represent data pulled from DEX, in order to avoid misrepresentation of data.”
- **FY24 data only** – Escaping Violence Payment data was only provided for the 2023-24FY. DSS advised “the department is not able to fully meet the SVA request for EVP data over the life of the trial. As such, trial demographic data is provided for the 2023-24 Financial Year only.”
- **Unable to identify whether someone returned** – Within DEX, it is not possible to determine whether a victim survivor returned to a violent partner and cross-analytics of demographic data is limited.
- **Small sample sizes** – The small sample sizes heighten the risk of unreliable findings when attempting more granular demographic analyses.

Literature

The literature reviewed was identified through a combination of recommendations from subject matter experts including Professor Roslyn Russell, as well as key word searches in public search engines and university databases. The literature reviewed included a mix of academic research, advocacy reports, payment and program evaluations, parliamentary committee reviews and media articles.

There are two significant gaps in the available literature related to the research questions.

- A lack of rigorous estimations of the costs associated with separating from a violent intimate partner in a family or domestic violence context.
- A lack of targeted research, including longitudinal studies, on the sufficiency of government emergency support and income support payments to support victim survivors to sustainably leave a violent partner (that is, to leave permanently).

There is an emerging body of literature exploring victim survivors’ decision-making in a family and domestic violence context. This work considers the range of factors that influence decisions, of which finances are one. Besides payment and program evaluations, there is little literature that focuses specifically on victim survivors *who receive government payments*. For this reason, the majority of insights surfaced relate to *all* victim survivors.

There is also an understandable gender bias in the literature. The majority of research intentionally focuses on women or is conducted in collaboration with women’s shelters and services, which often do not support victim survivors other than women, including dependent male children who are older than 12 years of age. As such, although a victim survivor can refer to women, men, gender non-binary people, children and elderly people, majority of the insights from literature relate to the experiences of women.

Consultations

Consultations were conducted with members of the Economic Inclusion Advisory Committee and representatives from the following organisations from the family and domestic violence sector, agreed with the Committee:

- Professor Peter Whiteford, Australian National University, Economic Inclusion Advisory Committee
- Associate Professor Ben Phillips, Australian National University, Economic Inclusion Advisory Committee
- Professor Kay Cook, Swinburne University of Technology, Economic Inclusion Advisory Committee
- Gemma Van Halderen, Department of Social Services
- Charmaine Crowe, Australian Council of Social Service
- Terese Edwards, Single Mother Families Australia

- Ellen McGregor, Safe and Equal
- Julie Kun, Women with Disabilities and former CEO, WIRE
- Rebecca Glenn and Sally Renfrey, Centre for Women's Economic Safety
- Dr Anne Summers AO, University of Technology Sydney
- Heidi Smith, Uniting Vic.Tas

Analysis procedures

Data analysis

Tools

Analysis was conducted using R, particularly the Arrow package and Microsoft Excel. Some initial data filters were created using IBM SPSS Statistics.

Statistical significance

Statistical significance has been assessed for each dataset where possible and relevant, to ensure that we are able to state whether conclusions are likely to be true reflections of the lives of victim survivors or are potentially likely to be artefacts of the data:

- **PSS:** The ABS Standard Error has been used to create error bars for many PSS charts. In-depth significance testing was not undertaken beyond this due to lack of access to the underlying sample data. The ABS included standard error in all PSS datasets. These uncertainties were propagated through using the average errors approach for simplicity.
- **DOMINO:** Significance has been assessed primarily using Pearson's Chi Squared test as in most cases the predictor and outcome variable are both categorical. This was done using the R `chisq.test()` function. The p value threshold for significance being used is 0.05.
- **DEX:** Significance testing was not possible due to lack of data access.

Proxies in DOMINO

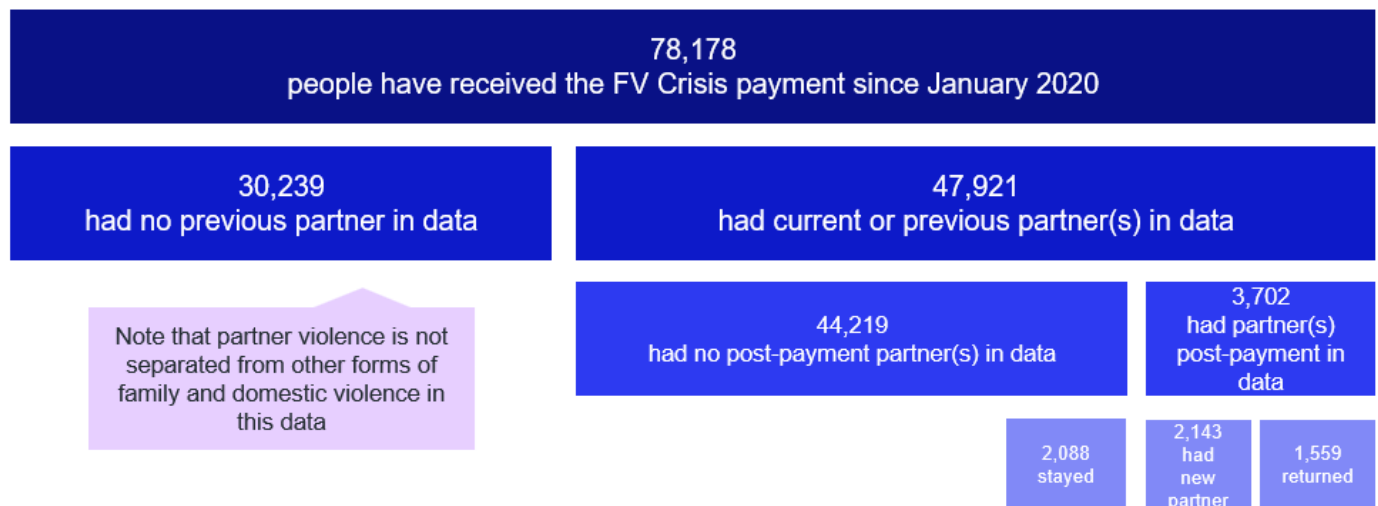
Due to the complexity of the DOMINO dataset but also the limitations of the dataset, a number of proxies have been used to approximate the relevant sub-groups.

- **Experiencing family and domestic violence:** There is no flag for experience of family and domestic violence in DOMINO. We have instead used the receipt of the 'Crisis Payment - extreme circumstances family and domestic violence' (referred to in this report as the Family Violence Crisis Payment) as a proxy. This has limitations, noted above.

Returning: To determine whether someone is considered to have returned to their violent partner, we first determined the partner (listed as married, de-facto, or registered) at the time of the receipt of the Family Violence Crisis Payment or just prior to the receipt of the payment. We then looked through all subsequent relationships to see if a new relationship with that same person appeared. Note that only a small minority of people had a subsequent partner in the data (Figure 48).

- **Experience following crisis:** In order to increase the comparability of the sample, for longitudinal data victim survivors were only included while they were not in a relationship (i.e. not married, de-facto, or registered). So a victim survivor might appear in the six- and twelve-month samples, but then not for the 18 month sample as they had changed relationship status.

Figure 48: Breakdown of victim survivors' relationship data in the DOMINO dataset



Literature review

The collection of literature identified was prioritised for review by relevance to the research questions and gaps in the data analysis. A thematic analysis of prioritised sources was conducted. Key themes that emerged in the literature included the:

- Prevalence and unique experience of family and domestic violence for different demographic cohorts
- Financial impact of family and domestic violence on victim survivors and their children
- Different factors victim survivors consider when deciding to stay, leave or return to a violent relationship
- Barriers that victim survivors face to accessing and maintaining access to government payments they should be eligible for
- Ability of victim survivors to meet their immediate and long-term needs post-separation through government emergency support and income support payments

Findings from the literature review were included in discussion of the data analysis to provide context to emerging insights.

Consultations

Consultations were not analysed, rather the insights from these interviews were used to inform the scope, methodology and direction of findings. A financial counsellor specialising in family and domestic violence was consulted to provide some additional context and ensure interpretations of the data was accurate.

Ethical considerations

Victim survivors were not consulted as part of this research, due to timeframe and other limitations.

The DOMINO dataset has strict data access and egress protocols. These protocols were followed in order to prevent any risk of re-identification of individuals.

Appendix 2: Key definitions

Table 9. Key definitions used in the report

Term	Definition	Source
Economic abuse	Economic abuse is behaviour that limits someone's access to money. Examples of the behaviour include restricting access to or use of money, taking money without permission, preventing ability to work, withholding financial information. ^{xcvii}	Literature
	Economic abuse occurs when a person is subjected to certain behaviours or actions that are aimed at preventing or controlling their access to economic resources, causing them emotional harm or fear. These behaviours are characterised in nature by their intent to manipulate, control, isolate or intimidate the person they are aimed at, and are generally repeated.	PSS
Emergency financial support payment	One off payment that supports people during a time of crisis.	Literature
Emotional abuse	Occurs when a person is subjected to certain behaviours or actions from a partner that are aimed at preventing or controlling their behaviour, causing them emotional harm or fear. These behaviours are characterised in nature by their intent to manipulate, control, isolate or intimidate the person they are aimed at. They are generally repeated behaviours and include psychological, social, economic, and verbal abuse. Note that outside of PSS, emotional abuse is often defined more broadly and includes abuse perpetrated by people other than the partner.	PSS
Family and domestic violence	Any behaviour that's violent, threatening, controlling or intended to make someone feel scared and unsafe can be considered family and domestic violence. Examples of behaviour may include (but are not limited to) coercive control, physical violence, sexual assault, emotional abuse, stalking, technology facilitated abuse, economic abuse. Intimate partners, family members, culturally recognised family groups, and non-family carers can perpetrate violence against people they are caring for. Family and domestic violence can happen to people regardless of their age, gender or sexual orientation. It can also continue after someone had left a violent relationship. ^{xcviii}	Literature
Financial hardship	Financial hardship is temporary difficulty meeting one's needs (paying rent, purchasing food) or financial obligations (making a credit card or car loan repayment). ^{xcix}	Literature
Financial vulnerability	Financial vulnerability refers to a range of internal and external factors that make someone more susceptible to experiencing financial hardship. These factors include family and domestic violence, ill health, homelessness, disability, education level, limited English proficiency, and adverse life events such as unemployment. ^c	Literature
Financial wellbeing	The extent to which people both perceive and have: <ol style="list-style-type: none"> 1. ability to meet their financial obligations 2. freedom to make choices that allow them to enjoy life 3. control of their finances 4. financial security – ability to meet their immediate needs, deal with unexpected adverse events, and achieve long-term goals.^{ci} 	Literature
Government payment	Government payments aim to support people at different points in their life and those who cannot, or cannot fully, support themselves. The social security system supports people by providing targeted payments and assistance. Payments can be available short or long term, or for a transitional period, and the eligibility requirements and amounts received vary. ^{cii}	Literature

Household weekly income	Household income is calculated using the collected income from the respondent, their current partner (where applicable) and the combined personal gross weekly income received by all of the other household usual residents aged 15 years and over.	PSS
Income support payment	Recurrent payment that supports people with living costs.	Literature
Intimate partner violence	Any behaviour within an intimate relationship (current or previous) that causes physical, sexual or psychological harm. Intimate relationships involve varying levels of commitment, and include marriages, couples who live together, and dating relationships. Some relationships such as boy/girlfriend and dating relationships are particularly relevant to younger people who are less likely to be in formal living arrangements with their intimate partners. ^{ciii}	Literature
Leaving a Violent Relationship	A victim survivor is considered to have permanently left a violent relationship if they report 'previous partner violence'.	PSS
	A victim survivor is considered to have left a violent relationship if they report having a partner (relationship classified as 'De facto', 'Registered' or 'Married'), and end a relationship with that partner prior to receiving the Crisis Payment – Extreme Circumstances, Family and Domestic violence. Note that in order to receive the payment, a person's living conditions need to have changed.	DOMINO
	A recipient of the Escaping Violence Payment is assumed to have left a violent relationship, as it is an eligibility condition.	DEX
Partner violence	Partner violence refers to any incident of sexual assault, sexual threat, physical assault or physical threat by a current and/or previous partner. Partner violence does not include violence by a current or former boyfriend/girlfriend or date, which refers to a person that the respondent dated, or was intimately involved with, but had never lived with.	PSS
Partner	Refers to a person the respondent lives with, or lived with at some point in a married or de facto relationship.	PSS
Personal weekly income	The collective total amount of income received from all sources incl. wages and salary, investments, government payments, superannuation, or other regular income source.	PSS
Returning to a violent relationship	A victim survivor is considered to have returned to a violent relationship if they report 'temporarily separating' with a violent partner, current or previous.	PSS
	A victim survivor is considered to have returned to a violent relationship if they recorded re-commencing a relationship with the same partner as at the time of the crisis.	DOMINO
	It is not possible to identify whether a recipient of the Escaping Violence Payment returned to a violent relationship.	DEX
Temporarily Separated from a Violent Relationship	A victim survivor is considered to have temporarily separated a violent relationship if they reported a 'temporary separation'.	PSS
Victim survivor	Whilst women are the majority of victim-survivors of family and domestic violence, the term refers to all people who have experienced family and domestic violence or gender-based violence, and can include men, children, gender non-binary people and elderly people.	Literature

Appendix 3: Payment eligibility requirements

Table 10. Eligibility requirements for emergency financial support payments considered in the research

Eligibility Category	Eligibility requirements	Eligibility requirements
Category	Family Violence Crisis Payment	Escaping Violence Payment
Violence	<ul style="list-style-type: none"> Have experienced family and domestic violence 	<ul style="list-style-type: none"> Recent experience of intimate partner violence (please note: an intimate partner refers to a current or former romantic partner)
Financial hardship	<ul style="list-style-type: none"> Your liquid assets total either: <ul style="list-style-type: none"> less than 2 weeks of the maximum rate of your income support payment or ABSTUDY Living Allowance, if you're single <p>Liquid assets include cash, money in the bank, shares, bonds, gifts, or other money that can be accessed.</p>	<p>Experiencing financial stress and have not accessed EVP in the last 12 months. Financial stress is defined as:</p> <ul style="list-style-type: none"> Currently experiencing financial stress Unable to meet financial commitments Unable to maintain financial independence^{civ}
Living arrangements	<ul style="list-style-type: none"> You've left your home for your safety and have established or plan to establish a new home OR you are living in your home and the family member responsible for the violence has left or been removed by the police OR you left or were removed from your home by police and you are legally prevented from returning due to family and domestic violence 	<ul style="list-style-type: none"> Change to living arrangements due to Intimate Partner Violence. Within the last 12 weeks you have changed residence OR remain in your home where the perpetrator is no longer living OR have a safe plan in place to move soon
Other	<ul style="list-style-type: none"> Be eligible for, or getting, an income support payment or ABSTUDY Living Allowance be in Australia when the incident happened and when you submit your claim contact us or make a claim within 7 days of your living arrangements changing. be in Australia when the incident happened and when you submit your claim contact us or make a claim within 7 days of your living arrangements changing. 	<ul style="list-style-type: none"> Australian citizen, permanent resident or holder of a protected special category visa living in Australia 18 years or over

Table 11. Eligibility requirements for income support payments considered the research

Eligibility requirements		Eligibility requirements	
Category of Requirement	JobSeeker	Parenting Payment Single	Disability Support Pension
Age	22-67 years	Child under 14	15 years and 9 months – 67 years
Residence	Australian resident, physically living in Australia; non-protected Special Category visa (NZ); lived in Australia for at least 10 years with no break in residence	Australian resident, physically living in Australia; non-protected Special Category visa (NZ); lived in Australia for at least 10 years with no break in residence	Australian resident, physically living in Australia; non-protected Special Category visa (NZ); lived in Australia for at least 10 years with no break in residence
Income	Max income per fortnight test by family situation	Max income per fortnight test by family situation	Max income per fortnight test by family situation
Assets	Max assets by family situation and homeownership, not including principal home and first 2 hectares of land	Max assets by family situation and homeownership, not including principal home and first 2 hectares of land	Max assets by family situation and homeownership, not including principal home and first 2 hectares of land
Timing	N/A	Cannot claim before birth of child	Can claim 13 weeks before 16 th birthday, but will not receive payment until 16 years
Eligibility	<p>Unemployed and looking for work - unemployed, part-time or casual work, temporarily stood down, work hours reduced</p> <p>OR sick or injured and can't do usual work or study for a short time - certain rules (<i>opaque – no detail provided</i>) and need medical certificate</p>	Principal carer - Have the most amount of responsibility for all of the day-to-day care, welfare, development	Meet the manifest or general medical rules regarding condition type, length and impact on ability to work

Table 12. Mutual obligations and participation requirements for income support payments considered in the research

Mutual Obligations		Mutual Obligations	Participation Requirements
Category	JobSeeker and Parenting Payment	Requirements for Principal Carers	Disability Support Pension
Mutual obligation	<ul style="list-style-type: none"> Agree to and meet the requirements of a Job Plan. This may include completing and reporting job searches, going to all job interviews, accepting any offer of suitable paid work not leaving a job, training course or program without a valid reason Report income every 14 days (incl. \$0) Go to appointments with your employment services provider 	<ul style="list-style-type: none"> Accept any offer of suitable paid work Report income every 14 days (incl. \$0) 	<ul style="list-style-type: none"> Agree to and meet the requirements of a Participation Plan. This includes completing at least one compulsory work focused activity such as connecting with a Disability Employment Services provider, apprenticeship, traineeship or work experience, education or training, rehabilitation or counselling Report income every 14 days (incl. \$0) <p><i>Applicable to recipients who don't meet the manifest medical rules, are younger than 35, can work at least 8 hours per week, don't have a dependent child younger than 6</i></p>
Suitable paid work	<p>Reasons why work may be deemed unsuitable include:</p> <ul style="list-style-type: none"> The travel time from home to work is unreasonable, for example it's more than one hour travel each way The most cost-effective travel will exceed 10% of your gross wage The employment doesn't make you at least \$50 per fortnight better off after deducting your costs. Appropriate child care isn't available during work hours (for principal carer) 	At least 30h per fortnight of work paid no less than minimum wage; study or training; voluntary work with an approved organisation	
Penalty	Demerit System <ul style="list-style-type: none"> Green Zone (0 Demerits): Meeting requirements 	Demerit System <ul style="list-style-type: none"> Green Zone (0 Demerits): Meeting requirements 	To keep getting DSP you must do all of the following:

	<ul style="list-style-type: none"> • Warning Zone (1+ Demerits): You'll get a demerit each time you don't meet your requirements, and you don't have a reasonable excuse (determined by provider) • Penalty Zone (No Demerits): Payment suspended, must talk to provider about why requirements weren't met. If your provider decides there is no reasonable excuse, they'll report a failure to Services Australia. • Penalty: A penalty involves temporary payment reductions, and can involve cancellation for the following penalties: <ul style="list-style-type: none"> • Work Refusal Penalty: not accepting a suitable job offer • Unemployment Penalty: leaving a job without reasonable excuse, or lose job due to misconduct • 3 Demerits within six months: You'll need to attend a Capability Interview with your provider to discuss your circumstances and why you're not meeting your requirements. • 5 Demerits within six months: You'll need to have a Capability Assessment with us. This is to make sure your requirements are suitable for your circumstances. <p>You may be fast tracked to a Capability Interview or a Capability Assessment if you fail to attend or act appropriately in a job interview.</p>	<ul style="list-style-type: none"> • Warning Zone (1+ Demerits): You'll get a demerit each time you don't meet your requirements, and you don't have a reasonable excuse (determined by provider) • Penalty Zone (No Demerits): Payment suspended, must talk to provider about why requirements weren't met. If your provider decides there is no reasonable excuse, they'll report a failure to Services Australia. • Penalty: A penalty involves temporary payment reductions, and can involve cancellation for the following penalties: <ul style="list-style-type: none"> • Work Refusal Penalty: not accepting a suitable job offer • Unemployment Penalty: leaving a job without reasonable excuse, or lose job due to misconduct • 3 Demerits within six months: You'll need to attend a Capability Interview with your provider to discuss your circumstances and why you're not meeting your requirements. • 5 Demerits within six months: You'll need to have a Capability Assessment with us. This is to make sure your requirements are suitable for your circumstances. <p>You may be fast tracked to a Capability Interview or a Capability Assessment if you fail to attend or act appropriately in a job interview.</p>	<ul style="list-style-type: none"> • agree to your participation plan • sign your participation plan • go to all your interviews • do the compulsory activity in your plan.
Exemption relating to family and domestic violence	May get a temporary exemption if you're experiencing a crisis such as family and domestic violence [No further details provided]	Up to 16 weeks at a time if you have experienced domestic violence within the past 26 weeks, even if you haven't separated or moved out; OR a relationship breakdown with unusually high stress, health problems or family difficult as a result	You may get a temporary exemption from your requirements if you're experiencing a major personal crisis such as family and domestic violence. Generally, you can get an exemption for up to 13 weeks. You may get further exemptions if you're still unable to participate

Appendix 4: Profile of victim survivors

Table 13. Profile of victim survivors considered in the research

Categories	Inclusions	Exclusions (and brief rationale)
Victim survivors' demographics	<ul style="list-style-type: none"> • Age over 15 • Parents with dependent children under 17 • People with disability • CALD (using country of birth and/or whether an interpreter is required) • First Nations • Homelessness (DEX only available) 	<ul style="list-style-type: none"> • Aged under 15 (limited data) • Sexual orientation (limited data) • Analysis specifically on male victim survivors (poor data quality)
Forms of family and domestic violence	<ul style="list-style-type: none"> • Intimate partner violence: Physical • Intimate partner violence: Emotional • Intimate partner violence: Economic 	<ul style="list-style-type: none"> • Elder abuse (limited data) • Violence from children towards a parent (limited data)
Income	<ul style="list-style-type: none"> • Wage/salary income • Government payment income 	<ul style="list-style-type: none"> • Analysis on investment income/superannuation/pensions (data not available) • Analysis on asset ownership (data not available) • Analysis on awareness of government payments (agreed out of scope) • Analysis on eligibility for government payments (agreed out of scope)

Appendix 5: Additional information on the Family Violence Crisis Payment

In 2023-24, there were around 30,140 Family Violence Crisis Payment grants made to income support recipients who were victim survivors of family and domestic violence.

Of the 30,140 Family Violence Crisis Payment claims granted in 2023-24 for victim survivors of family and domestic violence:

- Around 25,440 (84.4 per cent) were paid to women.
- Around 10,005 (33.2 per cent) were paid to First Nations people.
- Most grants were to recipients of the following primary income support payments: JobSeeker Payment (40.1 percent), Parenting Payment Single (31.9 percent) and Disability Support Pension (14.6 percent).

From 1 July 2024 to 30 September 2024, a further 8,200 Family Violence Crisis Payment grants have been made to those who changed their living arrangements due to family and domestic violence.

Source: Crisis Payment EXV Claim Rejection Data, provided by DSS, 2025

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APPENDIX 8

THE IMPACT AND COSTS OF POVERTY TO AUSTRALIA BY THE UNIVERSITY OF NEW SOUTH WALES



The Impact and Costs of Poverty to Australia

Final report

14 February 2025

Prepared for:

Economic Inclusion Advisory Committee, Department of
Social Services

Bruce Bradbury, Ciara Smyth and Yuvisthi Naidoo

Acknowledgement of country

We value the cultures, knowledge and practices of Aboriginal and Torres Strait Islander Peoples and how this contributes to quality research. We are committed to not perpetuating harms that have been caused by research on and about First Nations People. We embrace and honour Indigenous knowledges and continue to learn from First Nations People where we work.

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1. Introduction

Despite Australia's economy performing well and government profiles emphasising 'high standards of living' (Australian Government, 2022), not all Australians benefit from this economic prosperity. In 2021, Australia's poverty rate was the 15th highest among 38 OECD countries (OECD, 2023) and in 2019-20, more than three million (3,319,000) Australians lived in poverty, including 761,000 children (Davidson et al., 2023). Poverty rates are more pronounced among particular groups, with the following facing the highest risk of poverty (20% or more) in 2019-20:

- People in households whose main income-earner was of working age and unemployed (62%) or not in the labour force (47%).
- People in households receiving income support including Newstart Allowance/JobSeeker Payment (60%), Parenting Payment (72%), Youth Allowance (34%), Disability Support Pension (43%) or Carer Payment (39%).
- Tenants in public housing (52%) and private rental (20%, and 50% for those aged 65 years and over).
- People in sole parent households (34%, and 39% among children in those households).
- Single people without children (25%, and 26% among those under 65 years).
- People with disability and a 'core activity restriction' (20%) (Davidson et al., 2023).

Poverty harms individuals, families, communities and societies (Wilkinson & Pickett, 2010) and the existence of poverty in a rich country is 'a source of collective shame, social tension and anxiety' (Bramley et al., 2016: 1). 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. Yet this list of impacts is far from exhaustive and not all the damaging effects of living in poverty are quantifiable:

'...poverty has been found to force people to lead a 'marginal existence' (Whelan, 2022), stigmatise people and implicitly impacting on their self-esteem, inducing a sense of shame and powerlessness given individual's circumstances (Walker, 2014; Sutton et al., 2014; Greve, 2019a; Boland et al., 2022; Finn & Murphy, 2022). It also imposes financial stress driven by 'the relentlessness of the work involved in getting by' (Gray et al., 2019: 294).' (Collins, 2023: 1).

Poverty generates not only immediate impacts, but it has a damaging, cumulative impact on longer-term outcomes. A vast body of research indicates that 'poverty begets poverty' (Vera-Toscano & Wilkins, 2020). In other words, children born into poor families are more likely to remain poor in adulthood. However, this intergenerational transmission of poverty is not unavoidable as effective policy design can mitigate the long-term impacts of growing up poor:

‘The way that social and economic policy is designed, delivered and paid for all matter for intergenerational mobility (d’Addio 2007; Fairbrother & Mahadevan 2016; Solon 2004; Whiteford 2015). It is crucial to translate the Australian evidence on intergenerational disadvantage into effective policy design.’ (Cobb-Clark, 2019: 11).

The Economic Inclusion Advisory Committee, Department of Social Services, commissioned a research team from the Social Policy Research Centre, UNSW Sydney, to:

- Develop a report that includes a literature review on the impact of poverty on a range of social and economic outcomes.
- Drawing on the literature review, quantify the economic and social cost of poverty to Australia.

Given the project’s tight timeframe, the literature review was conducted as a rapid evidence assessment as it offers a compromise between the rigor of a systematic review and the provision of evidence to inform policy in a timely manner (Thomas et al., 2013). The quantification of the costs of poverty is also of limited scope, focussing on the income costs of poverty and the costs to government associated with poverty.

This report is structured as follows:

- Section 2 presents a summary of the literature on the impacts of poverty.
- Section 3 presents an overview of the literature on estimating the costs of poverty.
- Section 4 provides some initial estimates of the costs of poverty in Australia, focussing on the costs to government.
- Section 5 considers how we should interpret our estimates and the broader estimates in the literature.

2. Research on the impacts of poverty

The myriad impacts of poverty are physical, mental, financial, emotional, spiritual and cultural. Some of these impacts are shared and some are individual. It is impossible to capture fully the countless ways that poverty affects individuals, families and communities. Here we outline the key individual impacts identified through a rapid evidence assessment of the literature in countries similar to Australia. This is by no means an exhaustive or comprehensive account of the impacts of poverty on individuals, nor does it address how poverty contributes to social exclusion and undermines social cohesion. It summarises how other researchers have examined the impact of poverty on a range of individual outcomes and provides context to how the costs of poverty might be conceptualised.

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. Here we summarise the immediate and longer-term impacts of poverty reported in the literature.

First, though, a note about correlations and causality. As we show below, there are strong correlations between the experience of poverty and both concurrent and later negative life outcomes. For most of these associations, there are strong reasons to believe that the outcomes have been at least partly determined by the lack of resources associated with poverty. However, in many cases, there is reason to believe that the causality also runs in the opposite direction, or that poverty and other outcomes are both determined by some other, underlying factor or factors. For example, as we discuss below, poverty can have negative impacts on current and future health. However, poor health now or in the past can also reduce earning capacity. Any observed association between poverty and health outcomes will reflect the combination of these two effects.

Some research has attempted to explicitly disentangle these causal relationships by finding circumstances where the variation in poverty status is independent of other potential explanations (i.e., experimental or quasi-experimental designs). But these studies are rare, and do not address all the associations of interest. Consequently, research often needs to rely on theoretical understandings of mechanisms when interpreting the observed associations. In general, however, we would expect that most observed associations between living in poverty and particular outcomes will be an overestimate of the causal impact of income or poverty on outcomes (Mayer, 1997). Yet despite these limitations 'we cannot reject the hypothesis that the effect of income exists, even if it is not as large as simple estimates suggest' (Bradbury, 2003: 17).

2.1 Health

A large body of research links poverty with poor health, with the relationship generally considered to be bi-directional: 'poverty contributes to ill-health and ill-health contributes to poverty' (Griggs & Walker, 2008: 4; Buddelmeyer & Cai, 2009). Compared with the wealthiest people in Australia, those who are disadvantaged socio-economically:

- Are twice as likely to have a long-term health condition.

- Are twice as likely to suffer from chronic illnesses.
- Will die on average three years earlier.
- Are 2.1 times as likely to die of something that could have been avoided.
- Have a mortality rate 1.5 times as high.
- Have a disease burden 1.5 times as high.
- Are over 70% more likely to die by suicide (ACOSS & cohealth, 2019).

People under 65 years whose main source of income is government income support are more likely to report mental health issues (50%) compared to those whose main source of income is salary or wages (18%). People without paid work are almost twice as likely to report mental health issues than people who work full time (De Leeuw et al., 2021).

The impact of poverty on health is greater for:

- First Nations Australians
- people with disability
- people living in precarious housing
- people who live with family violence (ACOSS & cohealth, 2019).

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. Poverty in childhood is associated with multiple physical health conditions and poorer mental health. These include higher incidence of:

- infant mortality (Duncan & Brooks-Gunn, 2000; Fremantle et al., 2006; AIHW, 2020)
- low birth weight (Duncan & Brooks-Gunn, 2000; AIHW, 2020)
- lead poisoning (Duncan & Brooks-Gunn, 2000)
- being overweight or obese (McKenna et al., 2017; Lai et al., 2019; AIHW, 2020; Inoue et al., 2023).
- asthma (Cameron et al., 2024)
- poor oral health (Do et al., 2010)
- developmental delays (Noble et al., 2015; Rakesh et al., 2023)
- poorer mental health (Lai et al., 2019)
- poor general health (Sanson et al., 2011; McKenna et al., 2017)
- smoking in adolescence (Viladsen et al., 2023).

Growing up in poor households contributes to poorer general health and poorer mental health in adulthood (Vera-Toscana & Wilkins, 2020).

2.2 Education

A body of research has focussed on the impact of growing up in poverty on a range of education outcomes. These studies have identified a higher incidence of negative outcomes among children living in poverty/disadvantage. These include higher incidence of:

- grade repetition (Duncan & Brooks-Gunn, 2000)
- dropping out of high school (Duncan & Brooks-Gunn, 2000)
- having a learning disability (Duncan & Brooks-Gunn, 2000)
- lower test scores (Dickerson & Popli, 2016; van Zweiten et al., 2021)
- poor educational achievement (Viladsen et al., 2023)
- poor learning competencies (Goldfeld et al., 2018)
- not being in employment, education or training at age 18-19 (Wong et al., 2023).

2.3 Employment

Being employed generally reduces the risk of being in poverty, yet many people in employment experience ‘in-work poverty’ (Lohman & Marx, 2018). In 2018, 9% of households where the main household earner was employed lived in poverty (Davidson et al., 2020).

Many people on income support face ‘welfare stigma’ (Martin et al., 2022) and negative attitudes concerning their employability (Suomi et al., 2020). Extended periods of unemployment can harm people’s employment prospects for a long time afterwards due to the ‘scarring’ effects of unemployment (Cassidy et al., 2020). Growing up in disadvantage contributes to poorer employment outcomes in adulthood including lower hourly wages (Vera-Toscana & Wilkins, 2020), lower overall earnings (Duncan et al., 2013) and fewer hours of employment (Duncan et al., 2013).

2.4 Crime

Crime generates considerable societal and individual costs. These include direct costs and the costs of responding to crime through the criminal justice system and the costs of crime prevention measures. The association between poverty and crime is well established in the research literature, with more socio-economically disadvantaged areas experiencing higher crime rates than more advantaged areas (Vinson & Homel, 1975; Weatherburn & Lind, 1997; Newburn, 2016). Additionally, people living in the most disadvantaged areas are more likely to experience particular forms of victimisation, including physical assault and malicious property damage (ABS, 2024; McCausland & Baldry, 2023; Newburn, 2016).

People from highly disadvantaged backgrounds are over-represented in prison systems in Australia. Around half have a chronic physical health condition, more than half have a diagnosed mental health condition, a fifth have a history of self-harm, two-thirds have previously been in prison, around two in five have a family history of incarceration, one in three report their highest level of schooling as Year 9 or under, nearly one in two expect to be homeless on release, one in three have problematic alcohol consumption, almost three in four used illicit drugs in the previous year and the same proportion are current smokers (AIHW, 2023a). Additionally, nearly a third (32%) of the adult prison population are First Nations people, compared with 3.8% of the general adult population (AIHW, 2023b).

Fifty years ago, Vinson and Homel (1975) discussed the association between high crime rates in areas of disadvantage arguing:

‘[I]nstead of simply attempting to instruct people in the approved goals and standards of our society, equal attention should logically be paid to equipping them from the outset of life with the physical, personal and social resources needed to sustain the approved life style.’ (1975: 21).

Yet high rates of recidivism and the accumulation and compounding of disadvantage among the prison population suggests that current carceral responses to crime are inadequate. McCausland and Baldry (2023) call for urgent systemic reform to disrupt the pathways into, experiences of and outcomes in criminal justice systems for over-represented groups. This includes addressing structural racism and discrimination; failure to respond to early abuse, violence and trauma; the entrenchment of poverty and unequal access to resources; and the operation of the criminal legal system itself.

2.5 Financial status

Many people living in poverty in Australia rely on income support payments, which many argue are inadequate to maintain an acceptable standard of living (Saunders, 2018; ACOSS, 2023; EIAC, 2024). This has been underlined by recent analysis showing that multiple deprivation rates are concerningly high for people on JobSeeker Payment, Parenting Payment and Disability Support Pension in particular (Naidoo et al., 2024).

Intergenerational transmission of disadvantage means that growing up in poverty increases the likelihood of experiencing poverty in adulthood (Tilahun et al., 2021). Examining this relationship in five high-income countries, Parolin et al. (2023) found that this relationship is highest in the USA, followed by Australia and the UK, then Germany and Denmark. Many people living in poverty rely on income support payments and there is a relationship between parental receipt of income support payments and the likelihood that their children will receive income support in adulthood. Cobb-Clark et al. (2017) found that receipt of welfare payments between the ages of 18 and 26 is 1.8 times more likely among young people whose parents ever received welfare, compared to young people whose parents did not. They also found that parental disability is linked to higher rates of disability among their adult children and greater receipt of income support payments. Additionally, growing up in a sole parent household compared to a couple-headed household also influenced receipt of income support payment among young adults. Growing up in disadvantage contributes to greater likelihood of experiencing early adult poverty and financial stress (Vera-Toscana & Wilkins, 2020).

2.6 Wellbeing

Living in poverty has a damaging impact on people’s physical and mental wellbeing. Poverty means that many people cannot afford the basic necessities that a majority of Australians believe no Australian should have to go without (Naidoo et al., 2024). It prevents people from participating fully in a host of social, cultural and economic activities that give life meaning (Mood & Jonsson, 2016; Whelan, 2023) and lowers subjective wellbeing (Brisson et al., 2020; Churchill et al., 2020).

Studies have highlighted how growing up in poverty affects children's wellbeing. Findings include higher incidence of:

- problematic behaviour (McKenna et al., 2017)
- lower perceived parental emotional support and poor family relationships (Adjei et al., 2024)
- poorer social-emotional adjustment (Sanson et al., 2011; Goldfeld et al., 2018).

Additionally, young people who perceive themselves as poor or deprived have lower levels of wellbeing (life satisfaction, happiness, connectedness and contentment with aspects of schooling) (Saunders & Brown, 2020).

3. Estimating the costs of poverty

There is a significant body of research on quantifying the *economic* costs of poverty in comparable countries. These studies are mostly published in organisational reports rather than in academic journals. One of the first studies to focus on the costs of poverty focussed on child poverty in the United States (Sherman & Edelman, 1994), with two more US studies on the costs of child poverty following over a decade later (Duncan et al., 2008; Holzer et al., 2008) and later again McLaughlin and Rank's study (2018). The two countries with the most studies on the cost of poverty are Canada and the UK. A study by Laurie (2008) on the costs of poverty in Ontario was the foundation for many similar studies in other regions of Canada (British Columbia, Niagara, Quebec, Toronto, Windsor County, Atlantic Provinces, Manitoba). Most of these studies followed the methodology developed by Laurie, however, a later Canadian study modified Laurie's approach. The UK research on the costs of poverty is primarily focussed on child poverty. Hirsch has produced a series of reports on the costs of child poverty in the UK based on an approach outlined in Hirsch (2008a), with updates in 2013, 2021 and 2023. Other key UK studies are Blanden et al. (2010) and Bramley et al. (2016). Studies on the costs of poverty have been conducted on the countries of the EU (Ozdemir & Ward, 2014; Clarke et al., 2024), Ireland (Collins, 2023), Scotland (Hirsch, 2008b) and two in Australia. One Australian study focussed on the Thamarrur region of the Northern Territory (Taylor & Stanley, 2005) and a recent study, commissioned by the NSW Council of Social Services, focussed on the costs of poverty in New South Wales (Impact Economics and Policy, 2024).

3.1 Approaches

Estimates of the costs of poverty differ between studies depending on the costs considered and the methodology adopted to estimate the costs. They are presented in absolute amounts or as a percentage of GDP and vary within and between countries. For example, Sherman and Edelman's (1994) study of child poverty in the US estimated that the lost earnings of children growing up in poverty would amount to 1.4-2.8% of 1992 GDP (Sherman & Edelman, 1994, cited in Collins, 2023). Other US studies estimating the costs of child poverty provided the following figures:

- \$500 billion per year (3.8% of GDP) (Holzer et al., 2008).
- the aggregate earnings benefit eliminating poverty from 0-5 amounts to \$20-36 billion (Duncan et al., 2008).
- \$1.0298 trillion or 5.4% of U.S. GDP (McLaughlin & Rank, 2018).

Hirsch's first estimate of the costs of child poverty in the UK in 2008 was £29 billion a year, increasing to £38 billion in 2021 and £39 billion in 2023. Laurie's (2008) estimate of the cost of poverty in Ontario, Canada was 5.5-6.6% of GDP. Following a modified version of Laurie's methodology, McCracken and Plante (2024) estimated the cost of poverty in Manitoba, Canada at \$2.5 billion a year or 3.4% of Manitoba's GDP.

Before outlining the approaches used in key studies, it is worth noting that there is 'no single 'correct' way to estimate the cost of poverty' (Bramley et al., 2016: 7). Choices about what costs to include are

often informed by available data and differ from study to study. Most studies acknowledge the limitations of the methodology followed and the assumptions that underpin the analysis. Most also intentionally err on the side of caution by providing conservative estimates. The purpose of describing the approaches below is to give a sense of how key studies have attempted to quantify the costs of poverty, specifically: the types of costs considered; the data sources used to estimate costs; and the types of analyses conducted. For example, some studies consider only the public service costs associated with poverty, while others look at the impact of growing up in poverty on adult outcomes (labour force participation, earnings and the subsequent impact on income support and tax revenue). Reviewing how others estimate the costs of poverty can inform decisions around how the costs of poverty in Australia could be quantified.

3.2 Laurie (Canada)

In his study of the costs of poverty in Ontario, Laurie (2008) developed an approach that was followed by studies on the costs of poverty in other Canadian regions (Barayandema & Frechet, 2012; Hagar et al., 2015; Ivanova, 2011; Lee & Briggs, 2019; United Way & Centraide Windsor-Essex County, 2014). It also provides a framework used by several other studies described below, and so we provide a detailed consideration of his analysis.

Defining poverty: At the time Laurie conducted his study, Canada did not have an official poverty line¹, so Laurie used different measures – a Low Income Cut-Off (LICO) measure to estimate some costs and at other times households in the first income quintile. These are described in Appendix One of Laurie (2008).

Methodology: Laurie defines three types of costs: remedial, intergenerational, and opportunity costs.

Remedial costs: These are ‘poverty-induced costs’ and Laurie’s approach examines three remedial costs: health care costs; the costs of fighting crime; and the cost of social assistance and related remedial programs (though there is limited information presented on the latter cost).

The focus on poverty-induced health care costs was driven by the vast literature showing ‘a clear inverse relationship between people’s income and their health’ (2008: 10). To estimate health care costs incurred as a result of poverty, Laurie compared the usage of health care services and the associated public costs for those in the first income quintile with those of people in the second quintile. He then calculated how much would be saved if the health status and expenditures of those in the bottom quintile were equal to those in the second-bottom quintile.

This can be interpreted as the impact on health costs of bottom-quintile incomes being increased to those of second-bottom quintile – but only under very strong assumptions. This counter-factual calculation essentially assumes that *all* the characteristics of people in the bottom quintile that affect health outcomes become like those of people in the second income quintile. While income is

¹ In 2019, the Market Basket Measure was legislated under the Poverty Reduction Act (2019) as the official poverty line for Canada (Canadian Government, 2019).

certainly a key characteristic, there are likely to be many other characteristics that differ between people at different income levels (including pre-existing health conditions that might affect incomes). Laurie summarises this assumption:

‘Although the actual savings from such a reduction in poverty would in all likelihood depend on the manner in which poverty was tackled, this de facto reduction in poverty nevertheless gives us a useful estimate of the potential savings involved’ (2008: 11).

However, the manner in which poverty was tackled will probably make a very large difference to how much health expenditure was saved. If the incomes of the bottom quintile were increased by changing the age distribution and underlying health status of those in the bottom quintile, this would lead to a very large reduction in health costs. If, on the other hand, it simply involved increasing the incomes of those in the bottom quintile, it would lead to a smaller increase – only that due to the direct effects of income. In this case, Laurie’s calculation would only serve as an upper bound on these potential cost savings.

The results of Laurie’s calculations for health costs are shown in Table 1 below (reproduced from Laurie, 2008).

Table 1 Laurie (2008): Impact on public health expenditures of a reduction in poverty – Canada and Ontario 2007

Income quintiles (each quintile contains 20% of all individuals)	(1) Share of total public health expenditures by quintiles*	Total public health expenditures distributed as per percentage shares in column (1)	
		(2) Estimated distribution of \$113 billion** for all of Canada in 2007	(3) Estimated distribution of \$42.9 billion** for Ontario in 2007
1 (poorest 20%)	30.9%	\$34.9	\$13.3
2	24.2%	\$27.3	\$10.4
3 (middle 20%)	16.2%	\$18.1	\$6.9
4	14.1%	\$15.9	\$6.0
5 (richest 20%)	14.6%	\$16.5	\$6.3
Estimated reduction in total public health expenditures depending on the degree of reduction in poverty			
If first quintile spending were reduced to second quintile spending		\$7.6 billion (from \$34.9 billion to \$27.3 billion) 7.1 % of total Canadian health care spending	\$2.9 billion (from \$13.3 billion to \$10.4 billion) 7.2 % of Ontario's health care budget

* People Patterns Consulting based Cameron A Mustard, Morris Barer, Robert Evens, John Horne, Teresa Mayer, and Shelley Derksen, *Paying Taxes and Using Health Services: The distributional consequences of tax financed universal health insurance in a Canadian province*, presented to the Conference on the State of Living Standards and the Quality of Life in Canada, October 30-31, 1998, Ottawa.

** People Patterns Consulting based on Canadian Institute for Health Information, *National Health Expenditure Trends 1975-2007*, ISBN 978-1-554465-167-2 (PDF)

To estimate the costs of crime associated with poverty, Laurie uses a different approach, because '[w]hile poverty, in particular, is correlated with crime, no one has been able to establish a definitive causal link between the two' (2008: 12). Instead, he starts with the observed association between income levels and literacy, then applies an assumption about how participation in crime increases with lower levels of literacy (a doubling of crime rates from one literacy quintile to the next). So, the cost of crime is thus determined by the lower level of literacy in the first income quintile compared to the second, the assumed causal mapping between literacy and crime, and estimates by other researchers of the total cost of crime in Canada (or Ontario).

As such, his estimates are of the impact of the low literacy of the bottom income quintile on crime costs, rather than an estimate of the impact of low incomes per se. Even if the assumed causal links in his calculation were accurate, for these estimates to be estimates of the impact of low income, it would be necessary to assume that low literacy was entirely determined by low income (rather than, for example, the other way round).

Intergenerational costs: These refer to the likelihood that young people who grow up in poverty will remain in poverty in adulthood. To estimate these costs, Laurie looked at intergenerational mobility rates, with Canadian research suggesting that the probability of low-income Canadian children remaining in poverty in later life to be in the range of 20-25%. Opting for the lower estimate, Laurie looked at the number of children in Ontario under the age of 18 living in poverty and calculated the number that will also live in poverty when they are adults. He then estimated their average incomes in adulthood, compared this to how much they would earn if their incomes were raised to the second income quintile and then calculated the amount that they would not contribute to the economy each year if they failed to outgrow poverty. These losses are both private and social (lost tax revenue – welfare expenditure is not included). Laurie suggests that his estimate is conservative, because it assumes that those who outgrow poverty only reach the second income quintile.

His estimates will also be too small because they only focus on personal incomes and public tax revenue. They do not include social transfers, nor other impacts (health, crime etc.) on the next generation.

However, there are also strong reasons to think that these estimates will be a gross overestimate of the cost of poverty on the income outcomes for the next generation. The key assumption underlying his calculation is that moving children out of poverty would reduce the proportion in poverty in later adulthood to zero, rather than the current 20-25% of poor children who become poor adults. That is, it assumes that 20-25% of the children who are hypothetically moved out of poverty when they are children would have the same future earning capacity as those who end up in the second quintile. However, this won't be the case unless *all* their characteristics that influence later incomes are also changed. For example, genetic characteristics and the aspects of their family environment that are not determined by income. However, changing just their income will not be sufficient to move this fraction out of poverty in the next generation. The causal link between income in one generation and the next is likely to be much smaller than the observed association.

Opportunity costs: These are costs incurred due to lost productivity (lost private income and lost income tax revenue). These are estimated by raising the after-tax income of poor households to the average for the second quintile. The corresponding reductions in social transfers are added to the social benefits of this hypothetical change.

Table 2 below summarises the private and social costs of poverty estimated by Laurie for Canada and Ontario, based on 2007 dollars, reproduced from Laurie (2008). For Ontario, these costs amount to around 6% of GDP.

As noted above, our view is that these costs should not be considered as representing the savings that would accrue if incomes alone were raised to those of the second quintile level. Rather, because there is no clear identification of separate causal processes, the cost is better interpreted as the savings that would occur if all the relevant characteristics of the poor (or bottom quintile) households were raised to the level of those in the second quintile. This would necessarily require greater interventions than simply increases in incomes.

Table 2 Laurie (2008): The costs of poverty in Canada and Ontario (2007 dollars)

CANADA	PRIVATE COSTS	SOCIAL COSTS
Health Care		\$7.6 billion
Crime		\$1 - 2 billion
Intergenerational	\$8.2 - \$10.3 billion	\$3.1 - \$3.8 billion
Lost Productivity	\$35.8 - \$41.2 billion	\$8.6 - \$13 billion
- Adjustment for understatement of productivity loss	+\$4.1 billion	
- Adjustment for transfer payments		+\$4.1 billion
TOTAL	\$48.1 - \$55.6 billion	\$24.4 - \$30.5 billion
ONTARIO	PRIVATE COSTS	SOCIAL COSTS
Health Care		\$2.9 billion
Crime		\$0.25 - \$0.6 billion
Intergenerational	\$3.3 - \$4.3 billion	\$1.3 - \$1.6 billion
Lost Productivity	\$16.6 - \$19 billion	\$4 - \$6.1 billion
- Adjustment for understatement of productivity loss	+\$1.9 billion	
- Adjustment for transfer payments		+\$1.9 billion
TOTAL	\$21.8 - \$25.2 billion	\$10.4 billion - \$13.1 billion
GRAND TOTAL	\$32.2 - \$38.3 billion 5.5% - 6.6% of Ontario's GDP	

3.3 McCracken & Plante (Canada)

Plante (2020), another Canadian researcher, outlines three limitations of Laurie's approach and proposes some methodological refinements to estimate the cost of poverty due to new information and data becoming available. The first limitation is inconsistency in how Laurie defines the poor, with Plante arguing for the use of Canada's new official poverty line. The second limitation relates to double counting due to the way that Laurie's method quantifies the intergenerational costs of poverty. The third limitation is that the method considers how intergenerational poverty passes on opportunity

costs but not remedial costs. Nonetheless, this work follows the same broad principles of estimation as the earlier work by Laurie, and has a similar causal interpretation.

Defining poverty: McCracken and Plante (2024) applied their modified Laurie methodology in a study on the costs of poverty in Manitoba using Canada's new official poverty line – the Market Basket measure – legislated in 2019 (Canadian Government, 2019).

Methodology: McCracken and Plante (2024) look at three types of costs.

Remedial costs are 'the direct costs of poverty arising from treating the damage that poverty causes people' (2024: 12). These included health and criminal justice system costs. Increased health care spending due to poverty was calculated 'as the excess provincial health care costs attributed to those living in the lowest income quintile compared to the second' (2024: 13). Increased crime costs were calculated using 'the provincial crime severity index to extrapolate from national excess criminal justice system costs, and with most of these costs attributed to the excess costs to victims because of poverty' (2024: 13).

Opportunity costs are the indirect costs of poverty, which are conceptualised as foregone earnings – or how much more poor people could earn if they were not poor – and lost tax revenue. This is calculated by focusing on the working age population and raising the incomes of those in the bottom quintile to the second quintile.

Intergenerational costs are the cumulative remedial and opportunity costs of poverty over the life course. The costs are based on research that indicates that 30% of children growing up in poverty remain in poverty in adulthood.

Calculating the costs of poverty: McCracken and Plante (2024) begin by calculating differences in costs associated with the first and second income quintiles in each of the four cost categories (health care, crime, opportunity and intergenerational). They then multiply this discrepancy by the total number of poor individuals (using Canada's official poverty measure) to estimate the cost. The total number of individuals living in poverty is used to calculate remedial costs (health care and crime), the number of working-age individuals living in poverty is used for the opportunity cost and the number of children living in poverty is used to calculate the intergenerational cost.

They found that the cost of poverty in Manitoba in 2019 was \$2.5 billion per year, equating to 3.4% of GDP. They assert that these costs 'could be reallocated to preventing poverty, yielding larger financial and other benefits if poverty were eliminated' (2024: 3).

Table 3 McCracken & Plante (2024): Cost of Poverty in Manitoba (2019)

TABLE 1 Cost of Poverty in Manitoba (2019)

Health Costs	\$347 million
Crime	\$197 million
Opportunity Costs	\$1.6 billion
Intergenerational	\$324 million
Total Cost of Poverty in Manitoba	\$2.5 billion
Cost per Manitoban	\$1,952
Poverty Cost as a Percent of Manitoba's GDP	3.4%

Source Author's calculations based on data from various sources including Statistics Canada's Canadian Income Survey Public Use Microdata File. See Plante (2020) for details.

They note that the calculations do not cover all costs associated with poverty. Additionally, the calculations exclude the costs associated with social assistance because Plante (2020) 'argues that costs associated with social assistance should be regarded as an investment meant to offset the cost of poverty' (2024: 14).

3.4 Hirsch (United Kingdom)

Hirsch has produced several reports on the **costs of childhood poverty** in the UK. His first report in 2008 outlines his methodology which he followed in subsequent updates on the cost of child poverty in the UK (Hirsch, 2013; 2021; 2023).

Defining poverty: Hirsch's definition of child poverty is 'living in a family on a relatively low income' and 'as far as possible' draws on evidence relating to an income-based measure and poverty definitions that classify about one in four children as living in poverty. He aims to look at the costs resulting from growing up on a low income rather than extreme poverty.

Methodology: Hirsch's two-part calculation of the costs associated with child poverty examines higher social service spending in areas where child poverty is higher ('to mitigate the damage that poverty does to the lives of children, families and communities') and the longer-term effect of child poverty on the labour market. To estimate the former, Hirsch draws on work by Bramley and Watkins (2008) that examined variations in local spending by following six steps:

- Consider the average spending per child in each local area.
- Consider the percentage of children in poverty in that area.
- Calculate the relationship between child poverty and spending.
- Modify the above calculation by controlling for other factors (e.g., demography and socio-economic status).
- Based on the association between the proportion of children in poverty and the cost of the service, estimate what percentage of overall spending on the service is attributable to poverty.
- Apply this percentage to actual spend on the service to estimate the national cost of child poverty for the service.

The eleven service areas examined were: personal social services; acute healthcare; primary health care; school education; new social housing; housing benefit and Council Tax Benefit; Decent Homes programme; police and criminal justice; fire and rescue; local environment; and area-based programme. Hirsch adjusts these costs to 2008/09 values for his study, arriving at the figures of £12.3-£21.9 billion, noting that the costliest services areas are personal social services, school education and police/criminal justice services.

Table 4 Hirsch (2008): Estimates of the cost of child poverty by service, England and UK, 2006/07 (£ million)

Expenditure attributed to child poverty						
Service	a) amount				b) as percentage of all spending in each service area	
	England £m		UK £m			
	Low	High	Low	High	Low	High
Personal social services	2,414	2,414	2,849	2,849	71	71
Acute healthcare	1007	1007	1211	1211	2	2
Primary healthcare	730	730	859	859	5	5
School education	2,300	2,300	2,888	2,888	10	10
New social housing	527	1,166	748	1,654	37	98
Housing benefit and CTB*	0	3,757	0	4,420		32
Decent Homes programme	0	1,477	0	1,697		31
Police and criminal justice	1,060	2,502	1,240	2,927	5	12
Fire and rescue	724	724	926	926	33	42
Local environmental	338	675	395	790	11	22
Area-based programme	405	405	477	478	43	43
Total	9,506	17,159	11,593	20,699		

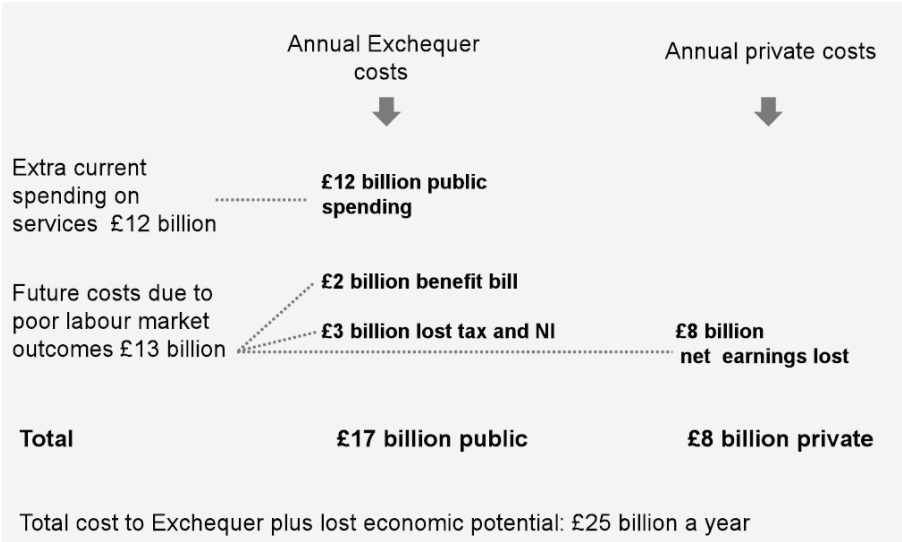
* Council Tax Benefit

To calculate the longer-term effect of child poverty on the labour market, Hirsch draws on a study by Blanden et al. (2008) that examined the GDP cost of the lost earnings potential of adults who grew up in poverty. The study used cohort studies to examine the association between being in poverty at age 16 and earnings and employment up to age 34. The modelling controlled for parental characteristics and considered how much would be gained in extra earnings and reduced benefit payments if all adults who grew up in poverty had not grown up in poverty. Their earnings were only increased enough to lift them out of poverty while still remaining below average. The analysis assumed that the probability of employment would 'rise to the average employment rate for all groups, and that the 'extra' people employed as a result would earn at the 25th percentile of earnings' (Hirsch, 2008: 9). Blanden et al. also adjusted for the extent to which the labour market would adapt to an influx of better qualified workers. We discuss this model further below (focussing on the journal published version, Blanden et al., 2010).

Hirsch adjusts these figures to 2008 levels and estimates future costs due to poor labour market outcomes to be £13 billion (£2 billion in benefit costs, £3 billion in lost tax and national insurance and £8 billion in lost private earnings).

Table 5 presents Hirsch’s costs estimated on the basis of the modelling carried out by Bramley and Watkins (2008) and by Blanden et al. (2008) amounting to £25 billion a year (2% of GDP), £17 billion of which are savings to the Exchequer (treasury).

Table 5 Hirsch (2008): The costs of child poverty in the UK



Hirsch makes several points about the figures related to the issue of causality discussed above (see Section 2). First, he states that they are cautious estimates because they take the lower end of the range of potential costs. Second, these costs might not translate directly into savings if poverty were eradicated as they may be attributable to factors beyond poverty. Third, the services costs are less reliable because there is uncertainty over whether poverty causes higher services costs or is just associated with higher costs. Fourth, these costs should be viewed as *potential benefits* to the economy by abolishing child poverty. Fifth, tackling these costs and eradicating poverty requires a long-term policy vision comprising a suite of policies. Finally, ‘the large amounts presently wasted on paying for the fallout from child poverty could be more productively employed in preventing it from occurring in the first place’ (Hirsch, 2008: 11).

3.5 Blanden et al. (United Kingdom)

Blanden et al. (2010) investigated the cost of growing up poor in the UK. They analyse the impact of child poverty on adult labour market outcomes (earnings and employment) and to a lesser extent on crime, health and wellbeing.

Defining poverty: In their analysis of the British Cohort Study (BCS), they define childhood poverty as a binary variable measure at age 16 for cohort members living in a household with less than £100 per week gross household income. They also look at the British Household Panel Survey (BHPS) and find

that the figures are 'for a poverty line comparable to the £100 gross income cut-off used in the BCS' (2010: 300).

Methodology: Blanden et al. (2010) follow a complex methodology to estimate the economic costs of poverty.

They analyse two data sets - the British Cohort Study (BCS) and the British Household Panel Survey (BHPS) - to estimate the impact of child poverty on adult labour market outcomes (earnings and employment). After calculating 'the magnitude of the relationship', they then estimate the total lost earnings associated with child poverty.

They use a regression approach to estimate adult outcomes as a function of childhood poverty and other observed child and family characteristics. The marginal impact of childhood poverty while controlling for the other factors is then an estimate of the costs of poverty. This is aggregated across the lifecycle and used to calculate an estimate of what would happen to GDP if none of the current working population had experienced child poverty.

They make separate calculations for the earning losses of those currently working and the losses experienced because people who grow up in poverty have a lower probability of working. They estimate the benefit savings that could be made as a result of higher employment due to the abolition of child poverty. They use the Family Resources Survey (2006–07) to calculate the mean income-related benefit received by nonworking individuals. They consider GDP gains for the Exchequer and for individuals from higher earnings as a result of eliminating child poverty.

They use the BCS to estimate the costs of crime by calculating the extent of increased crime associated with child poverty. They use a probit model 'to estimate the increased probability an individual who grew up in poverty had of reporting they had been arrested by the age of 34 compared with an individual who was not exposed to childhood poverty' (2010: 307).

Despite the limited data, they use the BCS to estimate the costs of health care (mental health care only), but do not include these in their final calculations.

Summing the costs of the outcomes they consider – foregone earnings (employment and prospects) and reduced crime – Blanden et al. (2010) estimate the GDP savings that could be made by eradicating child poverty to be at least 1% cent of GDP. They note that this is likely an underestimate, as many of the impacts of poverty are not costed and included in the calculations.

The main challenge with this type of estimation approach is that not all the factors that might both influence the likelihood of childhood poverty and later life outcomes can be observed in a single data set. In particular, there are many unobserved characteristics and capabilities of parents that might be passed on to their children – either genetically or socially. These include psychological traits such as personality and intelligence. The regression approach uses the gap in later outcomes between poor and non-poor children who have the same observed characteristics as its estimate of the impact of poverty. However, if poor children have other unobserved, disadvantageous characteristics which limit their later outcomes, then changing their poverty status will only increase their incomes by a

much smaller amount. In other words, we would expect this approach to be an overestimate of the impact of abolishing poverty on later outcomes.

The BCS, is nonetheless a very rich dataset. In particular, it contains important proxies for children's abilities at age 5 – which are expected to have strong impact on later outcomes. The authors state that they 'believe that controlling for the tests moves towards a lower bound' (2010: 294). However, this does assume that this measure captures the key components of intergenerational persistence. Similarly, they also undertake an estimation where they control for highest educational qualifications. Because this will be influenced by poverty status, this could be interpreted as an underestimate of the impact of poverty. But again, there are many potential unobserved pathways that could bias these results in the opposite direction.

3.6 Clarke et al. (European Union)

Clarke et al. (2024) consider the cost of child socio-economic disadvantage in 27 European Union (EU) countries and estimate the country-level GDP-equivalent cost of childhood disadvantage due to lost employment, lost earnings, poor health, lost government revenue and extra benefit spending. They acknowledge the influence of the Blanden et al. (2010) study on their methodology. Their study differs from the other studies reported here because it adopts a comparative perspective and focuses on socio-economic disadvantage rather than poverty per se.

Defining socio-economic disadvantage: Childhood socio-economic disadvantage is measured using a composite index constructed from data on individuals' family circumstances and living conditions at around age 14 (including measures of material deprivation, home ownership and household finances, parental education, and parental activity status).

Methodology: The study uses individual-level data from the 2019 round of the European Union Statistics on Income and Living Conditions (EU SILC 2019) survey collected in 27 countries. The 2019 round of the survey included a module on the intergenerational transmission of disadvantage. Respondents aged 25-59 were asked to provide retrospective data about their home and family circumstances when they were around 14 years old. This included information about parents' education level and labour market status and material deprivation at home 'making it possible to examine links between childhood disadvantage and health and labour market outcomes in adulthood' (2024: 475). An index was developed to determine individuals' socio-economic status during childhood, which was split into country-specific quintiles. Those in the bottom (first quintile) were the most disadvantaged in each country and those in the top, the most advantaged.

The three outcomes examined were annual labour earnings, employment status and a composite health measure.

The researchers also considered several mediators that might influence the degree to which childhood disadvantage may influence adult outcomes – educational attainment, life-time work experience, current partner and parent status and health status.

They used structural equation modeling to build a two-stage mediation model to explore associations between childhood disadvantage, mediators, and the three adult outcomes.

They follow Blanden et al. (2008; 2010) to estimate the labour market losses. This involves:

‘multiplying the estimated percentage point reduction in employment associated with childhood disadvantage by the 20% of the (25- to 59-year-old) population that we assume grew up in relative disadvantage. We then monetise this lost employment by assuming that had these individuals been in employment, they would have earned at the 25th percentile of their country- and sex-specific earnings distribution. For any earnings penalties, we calculate the value of lost earnings per worker by multiplying the earnings penalty associated with childhood disadvantage by (country- and sex-specific) mean annual labour earnings for workers in the middle (third) quintile on the ICSES. We then aggregate this monetised earnings penalty across all workers who experienced disadvantage in childhood.’ (2024: 479).

To estimate economic losses associated with poor health, they follow the approach of Holzer et al. (2008). They argue that their health outcome measure is equivalent to a quality adjusted life year, so they

estimate the monetary value of any health penalties associated with childhood disadvantage by summing the estimated health penalty across the population who experienced childhood disadvantage to arrive at an estimate for total “lost” quality adjusted life years. We then assign each of these quality-adjusted life years a country-specific monetary value based on Holzer et al.’s estimate of USD (2006) 200 000 for the annualised value of a statistical life year’ (2024: 479).

They estimate that the costs of child income poverty across the 27 EU countries is on average the equivalent of 3.5% of GDP annually – with 1.6% attributable to lost earnings and 1.9% attributable to health penalties – and that this is comparable to the studies by Holzer et al. (2008) and McLaughlin and Rank (2018). Clarke et al. note that their analysis is correlational, not causal, but that ‘these associations suggest much of the impact of childhood disadvantage in adulthood can be mitigated with the right environment and policy set up in childhood’ (2024: 473).

3.7 McLaughlin & Rank (United States)

McLaughlin and Rank (2018) present estimates of the annual costs of child poverty in the US. They extend earlier studies by including additional costs not previously included.

Defining poverty: Drawing on Sen (1992, 1999), McLaughlin and Rank conceptualise the costs of child poverty as reduced capability, extending the focus beyond income to consider other aspects of people’s lives. They also use the US poverty line in their calculations of reduced adult earnings.

Methodology: McLaughlin and Rank (2018) estimate seven types of cost:

- reduced adult earnings of children growing up in poverty,
- the increased cost of crime committed by children who grew up poor
- the increased costs of corrections spending

- the social costs of incarceration incurred due to poverty
- the increased health care costs for children in poverty
- child homelessness due to poverty
- child maltreatment due to poverty.

Their rationale for focussing on these seven types of costs was because they had been identified in the research literature as negative outcomes arising from child poverty; they are consistent with the capabilities approach; and data was available to estimate the economic cost.

They also note that there are many other costs of child poverty that they could not include (e.g., emotional harm) because there was no available data to enable a reliable estimate of costs. They state that the data used to calculate the costs included in the study are derived from multiple sources, including the US Census Bureau, the Panel Study of Income Dynamics (PSID), and findings of prior literature. They also note that a critical assumption of their study is that poverty is causal – ‘that child poverty is responsible for reductions in adult earnings, increased crime and so on’ (2018: 76). They make this assumption based on correlational data but also research evidence on the negative impact of poverty on brain development (citing Noble et al., 2015).

To estimate the costs of reduced adult earnings, they followed the methodology of Holzer et al. (2008). This compares a child with average below-poverty line income, to one in a household with an income level of twice the poverty line. They then apply an estimate of the intergenerational elasticity of income (from previous research), to estimate the expected income gaps between these two hypothetical children in adulthood. These gaps are then converted to national income aggregates, taking account of the distribution of poverty spells across childhood, to arrive at an aggregate cost of about 2.7% of GDP.

Finally, this estimate is then reduced by 40%, to reflect the fact that much of the correlation between generations is genetically based. That is, not influenced by changes in incomes. This adjustment is probably better labelled as ‘non-income based’ as it would also apply to other influences between generations that would not be altered by income increases (such as cultural traits, learned behaviour of the parents or the non-family environment of the children). This adjustment is essentially arbitrary – there is no sound research basis for the direct effect of income on intergenerational correlations. Many would argue that the association should be reduced by a much larger percentage.

To estimate the costs of crime, they look at three types of cost: the increased victimisation costs of street crime, increased corrections and crime deterrence costs and increased social costs of incarceration. Each of these calculations was based on prior research and adjusted to 2015 dollars.

To estimate health costs they looked at three types of costs for which data was available: direct health expenditures, special education costs, and a reduction in quality-adjusted life years (QALYs). Here they followed Holzer et al.’s methodology.

McLaughlin and Rank draw on research by Perlman and Willard (2012) who identified 13 different types of costs resulting from child homelessness from which they produced an annual cost per homeless child. McLaughlin and Rank multiply this figure by the number of homeless children.

McLaughlin and Rank draw on research by Fang et al. (2012) who estimated the annual cost of child maltreatment in the US and research by others suggesting that 30% of children would not be in the child welfare system if they were not poor. They then reduce Fang et al.'s figure by 30% and adjust to 2015 dollars.

Summing these seven types of cost, McLaughlin and Rank estimate that the costs of child poverty in the US amount to \$1.0298 trillion, representing 5.4% of US GDP in 2015.

Table 6 McLaughlin & Rank (2018): Costs of childhood poverty in the United States

Type of Cost	Dollar Amount (in billions)
Reduced earnings	294.0
Increased victimization costs of street crime	200.6
Increased health costs	192.1
Increased corrections and crime deterrence costs	122.5
Increased child homelessness costs	96.9
Increased social costs of incarceration	83.2
Increased child maltreatment costs	40.5
Total cost of child poverty	1,029.8

3.8 NCOSS/Impact Economics and Policy (NSW, Australia)

In November 2024, NSW Council of Social Service (NCOSS) the peak body for the social services sector in NSW, released a report on the economic costs of child poverty in New South Wales. The report states that it is the first attempt to quantify the costs of poverty in Australia and that failure to alleviate poverty has long-term negative consequences for individuals and the economy (Impact Economics and Policy, 2024).

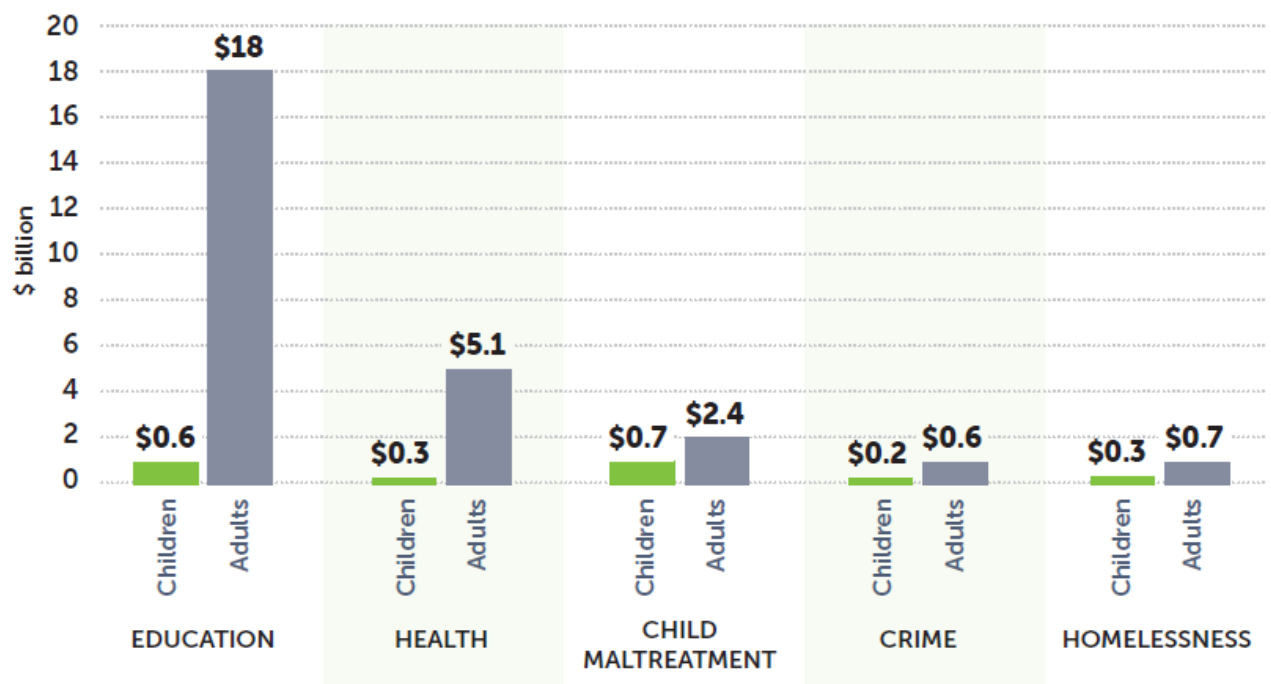
The study estimated the total economic costs of child poverty in New South Wales to be approximately \$60 billion a year (7.6% of the state economy). This figure sums the direct costs of poverty, the long-term costs of poverty resulting from reduced productivity and costs attributable to pain, suffering and reduced life expectancy. Direct costs of poverty to the NSW economy are estimated at \$25 billion (3.2% of the state economy). This figure includes the additional costs of delivering government services (\$4 billion a year) and the long-term costs resulting from reduced labour market participation and productivity (\$21 billion a year). Of this \$25 billion, \$2 billion relates to children currently experiencing poverty and \$23 billion to adults who grew up in poverty (see Figure 1 below). Additionally, the study estimated the value of poorer health and life expectancy due to child poverty at \$34 billion a year.

The study examined costs across five broad domains - education, health, child maltreatment, crime and homelessness – and the resulting direct costs of government services and broader social and economic costs (Table 7). These costs relate to children currently experiencing poverty and the longer-term costs experienced by adults who grew up in poverty.

Table 7 Impact Economics and Policy (2024): Economic costs include in the analysis

Domain	Direct costs of government services	Broader economic and social costs
Educational attainment	<ul style="list-style-type: none"> Cost of providing targeted education supports 	<ul style="list-style-type: none"> Lost earnings due to lower labour force participation and wages
Health	<ul style="list-style-type: none"> Cost of additional health services (for children and adults) 	<ul style="list-style-type: none"> Lost earnings due to lower labour force participation and wages Value of pain, suffering and reduced life expectancy
Child maltreatment (including family violence)	<ul style="list-style-type: none"> Cost of providing child protection services Cost of additional health services 	<ul style="list-style-type: none"> Lost earnings due to lower labour force participation and wages as a result of poor health Value of pain, suffering and reduced life expectancy
Crime	<ul style="list-style-type: none"> Costs to the legal system 	<ul style="list-style-type: none"> Costs borne by victims of crime Lost earnings due to lower labour force participation and wages
Homelessness	<ul style="list-style-type: none"> Cost of providing homelessness services Cost of additional health services (for children and adults) Costs to the legal system 	<ul style="list-style-type: none"> Lost earnings due to lower labour force participation and wages Costs borne by victims of crime Value of pain, suffering and reduced life expectancy

Table 8 Impact Economics and Policy (2024): Direct costs to the economy, by domain



The report describes how the \$34.2 billion in costs for pain, suffering and reduced life expectancy associated with a child poverty was calculated using the disability-adjusted life years (DALYs) measure. The authors estimate that poorer health due to child poverty in NSW results in a loss of 150,000 DALYs each year. They multiply this figure by the amount that people are willing to pay to reduce the risk of suffering disease or death, which they equate to \$235,000 for one additional year of healthy life (citing a Department of Prime Minister and Cabinet report, *Value of statistical life*), which sums to \$34.2 billion.

This report examines the immediate impact of childhood poverty on children and child poverty's impact on later adulthood with a focus on five key domains (education, health, child maltreatment, crime and homelessness). For each domain, the authors draw on a wide range of data (particularly in the crime and health domains) and explain where the assumptions underlying their modelling were derived. This includes citing research studies that x% of children growing up in poverty experience a particular outcome. They include a breakdown of the proportion of the total direct costs derived from the five domains split into child and adult costs. The report also outlines several challenges associated with estimating the economic costs of child poverty. These are:

- Experiences of child poverty differ with respect to extent, duration and timing.
- Impacts can take years to materialise which means that studies are usually based on adults' recollections of their childhood.
- There are many confounding factors that can affect life outcomes (e.g., parents' education, health and behaviour; genetics; environment; peers, educational and health interventions): 'Some of these factors may play a bigger role than poverty per se, and others can be caused or exacerbated by poverty. Disentangling the effects of these other factors from the effects of poverty is very difficult' (2024: 28).
- Double counting is a big risk and they provide the example of lower adult earnings potentially being the result of poverty's impact on a child's education, health or participation in crime. Totalling the costs of each of these separately could result in overstating the impact of poverty.
- Reverse causality is possible. For example, poor health may lead to or cause poverty or it may be a result or consequence of poverty.

4. Initial estimates of poverty costs in Australia

There are two main streams to the cost of poverty literature. One stream looks at childhood poverty and describes the expected later impacts of this on outcomes. The recently released NCOSS report discussed above follows this approach. The other stream, starting with the work of Laurie (2008), takes a broader approach, and seeks to describe the overall costs of poverty across the whole population. In this section, we present some initial Australian estimates of costs following this second approach – though we do not cover all the areas of cost identified by Laurie and others.

The methods used are similar to those of Laurie and subsequent papers in this literature, but are structured to concord with existing Australian statistical data collections and concepts. As an initial calculation exercise, we focus on the development of a coherent estimation structure, and clear explanation of limitations that will assist in future research.

It is important to note that the limitations of the Laurie approach that we discuss in the previous section apply equally to the analysis here, and we return to discuss how the results should be interpreted in section 5.

The costs of poverty accrue most obviously to poor people themselves. Reduced consumption of market goods, and a host of other outcomes in health and the social environment are clearly important. We include lost private income in our accounting below, but not these broader costs borne by the poor themselves. Similarly, we do not include indirect costs borne by the broader community, such as the impact of crime that might be driven by poverty. We focus, however, on the costs that accrue to government – in the form of increased expenditures and reduced tax revenue (and hence flow-on costs to other taxpayers).²

To estimate these costs, we draw on the statistical framework of *Social Transfers in-kind* (STIK) implemented by the ABS (2016). This framework, a sub-component of a broader *Fiscal Incidence Study* (FIS), seeks to allocate selected government expenditures to households that are the nominal recipients of the benefits associated with the payments. Social transfers in-kind consist of the financial cost to government in the provision of publicly funded in-kind services and goods to households. The main in-kind social transfers allocated are those associated with health and education benefits and housing subsidies. The difference between the allocations to poor and non-poor households can then feed into the calculation of the cost of poverty, following the Laurie framework. To this estimate, we can then add the direct income costs of poverty. We also discuss an option for the allocation of the government costs associated with crime.

The framework applied here has two key limitations.

- The challenge of assigning a causal interpretation to the ‘cost of poverty’: This is common to the whole body of literature discussed here. While the association between poverty and many

² This scope is similar to that of Collins (2023).

undesirable outcomes is clear, assigning a causal impact to poverty is less clear. In part, this hinges on the definition of the counterfactual – what does it mean to have less poverty? Just relying on estimates based on associations essentially implies that people currently poor will not be poor, and in doing so will share all the characteristics of the non-poor. However, other counterfactuals, such as providing cash transfers to the poor, or raising the employment skills of the poor might imply lower costs.

- The practical calculations of assigning costs to individuals and households: In areas such as health, the ABS (following the broader literature) employs an ‘insurance approach’ to assigning benefits. The appropriateness of this, both for the measurement of social transfers in-kind and for measuring the impact of poverty reduction, is questionable. In addition, approximations in the allocations of some expenditures might bias results. As discussed below, we expect that these limitations will probably lead to a downward bias to estimates of the cost of poverty.

In Section 5, we discuss further research to address these limitations.

4.1 Costs to be allocated

The ABS (2018b, 2023) produces a range of government finance statistics (GFC) that categorise Commonwealth, State and local government taxation expenditure (and revenue). These are collated from a wide range of public sector sources and are categorised into eleven functional service areas and the type of economic transaction (e.g., cash payments to households or administrative salaries) to help assess the effectiveness of public sector spending in meeting policy goals. The expenditures are categorised following strict definitional rules as set out by the *Classification of the Functions of Government - Australia (COFOG-A)* framework (ABS, 2015). Seven of the eleven functional purposes are provided and assigned on a collective basis:

- General public services – executive and legislative organs, financial and fiscal affairs, external affairs; foreign economic aid; general services; basic research; general public services related research and development; public debt transactions; transfers of a general character between different levels of government.
- Defence – military and civil defence; foreign military aid; and defence related research and development.
- Public order and safety – police services; civil and fire protection services; law courts and associated activities; prisons (COFOG-A 034); and public order and safety related research and development.
- Economic affairs general – economic, commercial, and labour affairs; agriculture, forestry, fishing, and hunting; fuel and energy; mining, manufacturing, and construction; communication; other industries (COFOG-A 046); and economic affairs related research and development.
- Environmental protection – waste management; waste water management; pollution abatement; protection of biodiversity and landscape; and environmental protection related research and development.
- Housing and community amenities – housing development; community development; water supply; street lighting; and housing and community amenities related research and development.

- Transport – this includes all forms of transport and transport infrastructure including spending on road transport; bus transport; water transport; railway transport; air transport; multi-mode urban transport; pipeline and other transport; and transport related research and development.

The remaining four functional purpose areas distinguish services provided to individual persons and on a collective basis. They include a combination of expenditures paid in the production, administration, operation and support of services or paid as cash benefits or in the form of non-cash benefits.

- Health – expenditure on services provided to individual persons include the provision of medical products, appliances and equipment; outpatient services; hospital services; mental health institutions; community health services; and public health services. Health related research and development are identified on a collective basis.
- Recreation, culture and religion – expenditure on services provided to individual persons include the provision of recreational and sporting services, and cultural services. Expenditure provided to the community as a whole relate to broadcasting and publishing services; religious and other community services; recreation, culture and religion related research and development.
- Education – expenditure on services provided to individual pupils and students relate to pre-primary and primary education; secondary education; tertiary education; and subsidiary services to education. Education related research and development are identified on a collective basis.
- Social protection – expenditure on services provided to individual persons and households relate to sickness and disability; old age; family and children; unemployment; and housing. Social protection related research and development are identified on a collective basis.

In Table 9, the different government expenditures by purpose for both the Commonwealth and all levels of government for 2017-18 (matching the income survey data used below) and 2022-23 (the most recent data) are shown.

Table 9 Government expenses by purpose, 2017-18 and 2022-23

Functional purpose	2017 - 2018				2022 - 2023			
	Commonwealth		All levels of government		Commonwealth		All levels of government	
	\$ mil	%	\$ mil	%	\$ mil	%	\$ mil	%
General public services	111,151	24.0	73,968	11.4	141,572	22.1	93,457	10.6
Defence	32,046	6.9	32,046	5.0	45,356	7.1	45,356	5.1
Public order and safety	5,859	1.3	32,993	5.1	7,889	1.2	45,533	5.1
Economic affairs	20,680	4.5	30,103	4.7	26,463	4.1	44,825	5.1
Environmental protection	5,715	1.2	15,012	2.3	7,919	1.2	21,248	2.4
Housing and community amenities	2,376	0.5	8,700	1.3	3,367	0.5	12,403	1.4
Health	76,824	16.6	129,628	20.0	106,898	16.7	182,440	20.6
Recreation, culture and religion	3,605	0.8	14,221	2.2	4,369	0.7	18,191	2.1
Education	37,257	8.0	99,617	15.4	51,510	8.1	130,524	14.7
Social protection	158,945	34.3	178,134	27.5	231,968	36.3	249,108	28.1
Transport	9,407	2.0	32,695	5.1	12,031	1.9	42,413	4.8
Total expenses	463,865	100.0	647,116	100.0	639,343	100.0	885,498	100.0

Notes : Sources: ABS (2023, Table 9), ABS (2018b). The functional areas that contribute to the cost allocations discussed below are indicated in bold.

At the Commonwealth level, across the two time periods, the largest expenditure items include those that are collective benefits affecting the whole community such as general public services (22% for 2022-23) and defence (7% for 2022-23). However, over half of the total share relate to social protection, health and education services that directly benefit individual persons and/or households. The same is true for expenditures across all levels of government, that is at the Commonwealth, state/territory and local government sectors.

The largest expenditure categories are in the provision of services to individual persons and/or households: social protection (28% for 2022-23), health (21% for 2022-23) and education (15% for 2022-23). These three items, together with small components of housing and community amenities (through housing subsidies and electricity concessions and rebates), account for close to 65% of the total general government expenses for 2017-18 and 2022-23. It is these expenditure categories that are allocated in the following calculation.

In addition to these, we also allocate income tax (and Medicare levies) paid by poor and non-poor households, and also describe the loss in private income associated with poverty.

4.2 Allocation of social transfers in-kind

The allocation of the social transfers in-kind components of the specific functional purpose expenditure categories to households requires representative data on households and their characteristics that can be associated with their consumption of different government services. The ABS (2016a) undertakes such an allocation of the benefits of social transfers in-kind using the composition and characteristics of household members in the *Surveys of Income and Housing* (SIH) in selected years. The most recent year where this has been undertaken is 2017-18. The survey is restricted to private households (in non-remote regions), and we follow this restriction in the remainder of our analysis.

The social transfers in-kind allocated to individual households are defined as ‘Commonwealth, state or territory and local government expenses, net of intra-government transfers, minus personal benefit payments paid in cash minus government revenue from the sale of goods and services’ (ABS, 2018a; 2012: 81). Allocations are limited to expenditures that directly relate to a household’s welfare, and can be clearly and reasonably allocated to households using demographic data recorded in the SIH. Hence, ‘indivisible’ public expenditures such as defence, transport and economic affairs are excluded.

The functional categories allocated are: education (pre-school, primary, secondary, tertiary and other); health (acute care, community health services, pharmaceuticals, private health insurance rebate and other health benefits); social security and welfare (including child care assistance and other social security and welfare benefits); housing (limited to rent subsidies) and electricity (concessions and rebates). The basic approach is to calculate average benefits on the basis of benchmark estimates for the population group eligible for that specific social transfer in-kind item

(ABS, 2012: 68). Table 10 outlines the ABS methodology in allocating the value of social transfers in-kind benefits for the specified functional categories, and these allocation are summarised in Table 11, but in 2023-24 dollars. These allocation amounts are based on more detailed disaggregations of the expenditures shown in Table 9 for 2017-18, but with a deduction for the out-of-scope population.

Table 10 ABS allocation of social transfers in-kind (and allocations for 2017-18)

Functional category	Social transfers in-kind items	Allocation method	Benefit calculation	\$ (mil) allocated	% GFS allocated
Education	Pre-school education	Allocated according to the number of imputed children aged 3, 4 or 5 years attending pre-school in each state/territory.	Estimated number of children attending pre-school in each household multiplied by the average pre-school benefit for their state or territory of residence.	49,300	96
	Primary and secondary education	Allocated according to the number of full-time equivalent students by school level (primary / secondary) and school type (government, Catholic, non-government).	Average education and transportation benefit estimated from various government expenditure reports for each category of school level and school type: government primary, Catholic primary, other non-government primary, government secondary, Catholic secondary and other non-government secondary.		
	Tertiary education	Allocated according to the number of members in each household who reported as attending university education or TAFE.	Average benefit derived by dividing net government expenses by total enrolment data for higher education. Part-time students were assumed to receive half the benefits of full-time students.	17,500	102
	Special and other education	Allocated equally to each pre-school, primary and secondary education student.	Equal average benefit applied to all student types for each state and territory. Household benefits are the sum of member benefits.	4,800	96
Health	Acute care institutions	Allocated to household members according to hospital bed utilisation rates for their age, gender and state/territory of residence. A higher utilisation rate was applied to people with a disability.	Average benefit per hospital bed day by the hospital bed utilisation rate for each household member. The average benefit per hospital bed day was derived by dividing GFS expenses by the number of days spent in hospital. Household benefits are the sum of member benefits.	52,700	100

	Community health services	Allocated to household members according to the doctor visit rate for age, gender and state of residence. A higher utilisation rate was applied to people with a disability.	Average benefit per doctor visit derived by dividing GFS expenditure data by the number of doctor visits for each household's state of residence (based on Medicare Australia). Household benefits are the sum of member benefits.	33,500	86
	Pharmaceuticals	Allocated according to the eligibility for pharmaceutical concessions and the usage rate of prescribed medicines by age, gender and state/territory of residence.	Average benefit for prescribed medicines derived by dividing GFS expenditure data by total prescribed medicine utilisations for two groups. For concession cardholders, total prescribed medicine use was calculated by multiplying the number of cardholders by their average usage rate. For non-cardholders, it was determined by multiplying the non-concession population by their average usage rate. Benefits are adjusted according to differences in expenditure between states. Household benefits are the sum of member benefits.	13,300	98
	Private health insurance rebate	Allocated to households that recorded expenditure on private health insurance (net of the private health insurance rebate)	The value of the private health insurance rebate allocated to each household is calculated on the income and age of each member in household.	5,600	93
	Other health benefits n.e.c.	Allocated equally to all household members.	Equal average benefit (i.e. per capita) derived by dividing GFS expenditure data per state by estimated resident population. Household benefits were calculated by multiplying the number of members by the average benefit per person. Other health benefits relate to public health, health research and health administration not elsewhere classified.	15,000	97
Social Security and Welfare	Child care benefits (CCB) / Child care rebate (CCR)	CCB is allocated according to the number of children in formal care, reported hours of care, income thresholds and tapers. CCR is allocated to relevant households based on reported data and based on eligibility criteria for payment.	CCB is modelled and allocated at the income unit level depending on the number of children in formal care * the reported hours of care * income thresholds with tapers. CCR is allocated to relevant households based on reported data (receive the CCB, at an approved child care, meet the work, training, study test), and modelled data at the income unit	15,000	97

			level based on eligibility criteria for payment.		
	Other social security and welfare benefits	Persons who receive social security and welfare cash benefits.	Average benefits by each benefit type derived by dividing GFS expenditure data by the number of recipients of each benefit type. Government expenses relate to other social security and welfare programs, other than expenditure on direct cash payments, child care, and residential aged care. Household benefits are the sum of member benefits.	28,100	71
Housing	Public housing	Households in government rental accommodation according to the estimated value of their rent subsidy.	Difference between the estimated market rent for a household's dwelling if it were to be privately rented, less the actual rent paid by households. Does not include Rent Assistance as this is included in social assistance benefits in cash. Does not include the purchase of new dwellings for future subsidised rental because this is treated as a capital expenditure that provides benefits to future subsidised renters.	2,600	n/a
Electricity	Electricity concessions and rebates	Allocated to households eligible to receive the electricity concessions or rebates as applicable in each state/territory.	Allocated to households according to the value of the concession in their state of residence.	813	n/a

Source: ABS (2018a).

Table 11 Private income, income tax and social transfers in cash and kind, total Australia

	\$m per annum
Private income	1,191,711
Cash benefits	121,409
Income tax (inc ML)	-254,398
Social transfers in kind	
Education benefits	85,911
- School	58,868
- Tertiary	21,267
- Other education	5,776
Health benefits	146,111
- Acute care	64,234
- Community health	40,720
- Pharmaceuticals	16,165
- Health ins rebate	6,813
- Other health	18,179
Welfare benefits	42,907
- Child care ass.	8,768
- Other welfare	34,139
Housing benefits	3,159
Electricity conc.	991
Total social transfers in kind	279,078

Source: Authors' calculations from ABS 2017-18 Survey of Income and Housing.

Notes: Amounts inflated to 2023-24 values using CPI. Income tax includes Medicare Levy.

4.3 Poverty and disadvantage indicators

Two main definitions of poverty have been used in the literature following Laurie (2008), people below a poverty line, or people in the bottom fifth (or bottom quintile group) of the income distribution. Costs for people in these two categories are then usually compared with the costs for people in the second quintile of the income distribution – who represent the hypothetical 'non-poverty' outcome.

We report results for three definitions of poverty here.

- **Income poor:** People whose household income is below half the median of household income. Income is after-tax (i.e., disposable) and adjusted for household size using the modified OECD equivalence scale. ('Income poor' is often described as 'before housing poor' in analyses that also include after-housing poverty).
- **After-housing poor:** People whose household income minus housing costs is below half the median of income minus housing costs. Again, tax (and Medicare levy) is deducted from income, and the same modified OECD equivalence scale is used.
- **Bottom quintile:** People whose equivalised household disposable income is in the bottom fifth of the income distribution for people in the same age group. Age groups are 0-14, 15-24, 25-44, 45-64 and 65+.

The incomes and costs associated with each of these disadvantaged groups is then compared to those of people in the second quintile.

In our calculations, the bottom and second quintile groups are both defined within age groups – which is a departure from the methods used by Laurie and others in this tradition. However, we believe that this is necessary to remove important lifecycle effects from the calculations. If this were not done, the bottom quintile would have a disproportionate number of retired people.³ The lower threshold for the income poverty measure, and the lower housing costs of the retired population, mean this is less important for the two poverty measures.

Table 11 shows the proportion of the population in these different poverty and quintile groups for each of the age groups. Overall, 11.8 per cent of the population is below the half-median income poverty line, while 14.8 per cent is below the after-housing line.⁴ Income poverty rates are highest for the 65+ population, followed by children. After-housing rates are highest for children, while after-housing poverty rates are close to average for the 65+ population because of their lower housing costs.

Table 12 Proportion of population in poverty groups by age, 2017-18

Age	Income poor %	After- housing poor %	Bottom quintile %	2nd quintile %	3rd-5th quintiles %	All %
0-14	12.1	18.6	20.8	20.1	59.1	100.0
15-24	10.9	14.4	20.6	20.9	58.4	100.0
25-44	7.7	12.8	21.0	20.6	58.4	100.0
45-64	11.7	14.3	21.3	19.0	59.8	100.0
65+	18.0	14.6	19.8	21.0	59.2	100.0
All	11.8	14.8	20.8	20.2	59.0	100.0

Source: Authors' calculations from ABS 2017-19 Survey of Income and Housing.

Notes: Quintiles do not contain precisely 20% of population because of weights and income grouping.

4.4 Cost outcomes

Average values of these incomes and estimated benefits are shown in Table 12. The top-left cell, for example, shows the average per-capita household private income of people who live in households with household income below the poverty line. Incomes and benefits are expressed on a per-capita basis to ensure that, when summed across all individuals they add up to the national total. Mean private income increases significantly across the quintiles, and is lowest for those in income-poor households. Note, however, that the average private income for those who are after-housing poor is

³ No feasible counterfactual for the abolition of poverty would involve making old poor people young again!

⁴ The after-housing rate is higher than the rate shown in Davidson et al. (2020) because here we do not exclude households with zero income or self-employment. This ensures that we have estimates covering the whole of the population covered by the survey.

higher than that of the bottom quintile – reflecting some households with substantial incomes but high housing costs.

Cash benefits tend to follow the opposite pattern to private incomes, and income tax follows the same pattern (though note the low level of cash benefits for the after-housing poor). Social in-kind transfers tend to be higher in the bottom quintile than in the second quintile. However, the difference is often not large as the allocation of these benefits is largely driven by demographic characteristics. Health benefits, do however, vary with disability status, and education benefits with the types of schools attended.

Table 13 Private income, cash benefits, income tax and in-kind social transfers by poverty status and quintile

	Income poor	After- housing poor	Bottom quintile	2nd quintile	3rd-5th quintiles	All
\$ per annum						
Private income	4,890	10,063	9,143	23,850	72,166	49,913
Cash benefits	9,348	7,656	8,958	7,621	2,951	5,085
Income tax (inc ML)	-264	-1,101	-862	-3,416	-16,326	-10,655
Education benefits	4,092	4,525	4,446	4,107	3,147	3,598
- School	2,988	3,212	3,142	2,984	2,068	2,466
- Tertiary	824	1,004	1,017	836	867	891
- Other education	281	310	287	287	212	242
Health benefits	7,738	6,211	6,695	6,633	5,757	6,120
- Acute care	3,598	2,772	3,056	2,991	2,468	2,690
- Community health	2,078	1,779	1,886	1,836	1,602	1,706
- Pharmaceuticals	1,071	707	809	819	586	677
- Health ins rebate	231	194	187	227	337	285
- Other health	761	760	758	760	763	761
Welfare benefits	2,714	2,513	2,965	2,485	1,179	1,797
- Child care ass.	210	304	278	385	391	367
- Other welfare	2,504	2,209	2,686	2,100	789	1,430
Housing benefits	760	623	533	99	10	132
Electricity conc.	98	72	80	56	24	41
Total social transfers in kind	15,402	13,944	14,719	13,379	10,117	11,689

Source: Authors' calculations from ABS 2017-18 Survey of Income and Housing.

Notes: Amounts inflated to 2023-24 values using CPI. Means are averaged across individuals, and based on amounts per number of people in the household (per-capita). Income tax includes Medicare Levy.

4.5 Cost of poverty: results

The implications of these different average levels of payments for the 'costs of poverty' are shown in Table 13. The first panel of the table shows the total incomes and costs which correspond to the means shown in Table 12.

The second panel shows a counter-factual calculation, which assumes that the average incomes and social transfers of the second quintile group were applied to the people in the three disadvantaged groups (income poor, after-housing poor and bottom quintile). For the bottom quintile group, this yields totals which are essentially the same by design as those for the 2nd quintile. They are not precisely identical, because income grouping means that the quintiles do not contain precisely 20 per cent of the population. For the two 'poor' groups, the totals are lower because they comprise less than 20 per cent of the population (11.8 and 14.8%).

The third panel shows the difference between these actual and counter-factual benefits and costs in the first two panels. This difference represents the 'cost of poverty' following the Laurie approach. The first line in this panel shows the lost private income (predominantly earnings) of individuals who are poor (or in the bottom quintile) instead of being in the second quintile. This is \$70.2 bn per annum for the bottom quintile, and \$49.5 and \$48.3 bn per annum for people income poor and after-housing poor respectively. The latter two numbers are smaller than for the bottom quintile mainly because they comprise a smaller fraction of the population. However, this is partly offset by the fact that the income-poor have a lower average private income than the bottom quintile (see Table 12).

The remainder of the panel shows the additional costs to government associated with poverty. Cash benefits would be \$6.3 bn lower if the bottom quintile were the same as the second quintile, and \$4.5 bn lower for those who were income poor. Note that cash benefits would hardly decrease at all for those who were after-housing poor. This is because variations in housing costs mean that this group is much more widely spread across the income distribution (with many in the second income quintile).

Income taxes are substantially higher for the second quintile than for the bottom quintile and the two poor groups – following the same pattern as private income.

The costs of education benefits would actually decrease slightly if the income poor were the same as the second quintile, but would increase by \$1.5 bn per annum for the other two disadvantaged groups. Health benefits, on the other hand, would decrease for the after-housing poor, but increase by \$2.9 bn for the income poor. These patterns reflect the demographic associations with these different poverty indicators. Income poverty rates are highest among the older population while after-housing poverty rates are greatest among children (Table 11). So, health costs are relatively high when using income poverty, and education costs high when using the after-housing poverty indicator. Because the quintile groups are defined within age group, the cost of being in the bottom quintile disadvantage group is not subject to these demographic influences – which is one advantage in using this indicator.

Overall, the 'cost of poverty' to government is around \$25.0 bn per annum for the bottom quintile, or \$18.0 and \$10.2 bn per annum for the two poverty groups (around 1.0%, 0.7% and 0.4% of GDP respectively). That is, this is how much expenditure in these areas would be reduced if these poverty and quintile groups were the same as the second quintile. To this, can be added the cost to poor people themselves in terms of lost private income, \$70.2 bn for the bottom quintile and \$49.5 and \$48.3 bn per annum for the two poverty groups.

One important area of social expenditure that is not included in these calculations are the costs associated with crime. While the existence of links between poverty and crime are well established,

the strength of the causal relationship is less clear. Though the costs of crime go well beyond costs to government, the \$45.5 bn spend by governments on public order and safety (in 2022-23, see Table 9) is an indication of the total magnitude of costs. Applying the 20 per cent attribution rate assumed by NCOS (2024) for the impact of childhood poverty on later crime would imply a cost to government of around \$9 bn per annum.

Table 14 Social transfers and income tax revenue: Actual transfers and transfers if applied at same per capita rate as for the 2nd quintile

	Income poor	After-housing poor	Bottom quintile	2nd quintile
Actual total costs and benefits (\$m per annum)				
Private benefit				
Private income	12,774	35,257	43,630	113,823
Costs to government				
Cash benefits	24,420	26,824	42,745	36,370
Income tax (inc ML)	-689	-3,856	-4,115	-16,303
Education benefits	10,690	15,855	21,214	19,599
Health benefits	20,216	21,760	31,947	31,656
Welfare benefits	7,090	8,804	14,146	11,857
Housing benefits	1,985	2,184	2,545	472
Electricity conc.	256	252	384	266
Costs and benefits if 2nd quintile average applied (\$m per annum)				
	Income poor	After-housing poor	Bottom quintile	2nd quintile
Private benefit				
Private income	62,306	83,565	113,808	113,823
Costs to government				
Cash benefits	19,908	26,701	36,365	36,370
Income tax (inc ML)	-8,924	-11,969	-16,301	-16,303
Education benefits	10,728	14,389	19,596	19,599
Health benefits	17,328	23,240	31,651	31,656
Welfare benefits	6,491	8,705	11,856	11,857
Housing benefits	259	347	472	472
Electricity conc.	146	196	266	266
Private income benefits and costs to government (Actual minus hypothetical, \$m per annum)				
	Income poor	After-housing poor	Bottom quintile	
Private benefit				
Private income	-49,532	-48,308	-70,178	
Costs to government				
Cash benefits	4,512	123	6,380	
Income tax (inc ML)	8,235	8,113	12,186	
Education benefits	-38	1,466	1,618	
Health benefits	2,888	-1,480	296	
Welfare benefits	599	99	2,290	
Housing benefits	1,726	1,837	2,073	
Electricity conc.	110	56	118	
Total	18,032	10,214	24,961	
Grand total: Increase in costs to government plus decrease in private income	67,564	58,522	95,139	

Notes: Authors' calculations from ABS 2017-19 Survey of Income and Housing. Values in \$2023-24.

5. Discussion

The studies summarised in Section 3 are attempts to capture the economic costs of the impacts of poverty. However, they only capture a fraction of how much poverty costs individuals, families and societies. Every study reviewed acknowledges its limited scope, which is usually shaped by the available data. Yet despite these limitations, all highlight significant direct, indirect, individual and societal costs associated with poverty. Many focus on the costs of poverty in general, while others focus on child poverty.

The studies' objectives are to show that there is an economic cost to governments and societies that fail to address the incidence and impacts of poverty, which have immediate and future costs. Immediate costs include the costs of social assistance for people living in poverty, and increased health service and crime-related costs amongst others. Future costs include reduced earnings, and reduced tax revenue, affecting GDP. All these studies of the cost of poverty emphasise the complexity of the exercise and the impossibility of capturing all costs. Most reports make the point that targeted policies and investments over the life course are usually less costly in the long run than the significant costs of poverty. Citing two studies, McLaughlin and Rank (2018) assert that '[f]or every dollar spent in poverty reduction, we would save over \$7 in terms of the economic fall out of poverty' (2018: 80).

In short, poverty costs.

To make a more precise estimate of *how much* poverty costs, however, requires many assumptions.

The concept of a 'cost of poverty' necessarily involves a counter-factual – how much would costs (e.g. government expenditures) be reduced if poverty did not exist. In addition, how much would other advantageous outcomes such as incomes and tax revenues be increased. This counter-factual implies a number of definitional questions.

- What is the definition of poverty, and what is the alternative? The studies reviewed here have typically defined poverty as either being below an established poverty line, or having an income in some bottom fraction (e.g. 20%) of the population. The alternative to poverty varies, but is typically a low income, but above the poverty threshold. For example, twice the poverty line, or in the second quintile of the income distribution.
- What time period is being considered? Some studies leave this largely undefined, which effectively implies that they are describing the lifting all poor people out of poverty across all stages of their lives. Others explicitly focus on the relationship between poverty in (some stage) of childhood and later adult outcomes.
- What outcome measures are considered? There is no doubt that poverty has a wide range of impacts, ranging from the private and public costs associated with low income (by definition in the

same period, but also later in life) to the public sector costs associated with health, crime (impacts and also prevention costs) and other social outcomes.⁵

There is ample evidence, as reviewed above, that there are substantial associations between poverty and other negative outcomes. However, it is much harder to estimate how much these outcomes would change if poverty did not exist. Ultimately, this depends on *how* poverty were abolished in these counter-factual calculations. The most straightforward approach is to imagine a situation where families are given income to raise them out of poverty. In this case, we would not expect outcomes to increase as much as implied by the associations between poverty and the outcomes. This is because much of this association is likely to be driven by other underlying factors that would remain even if incomes were increased. Understanding how much of the association is causally dependent on income is a key challenge for this type of research.

The research reviewed here approaches this challenge using three broad approaches.

Research based on Laurie's (2008) study does not directly address the question of causality. It focuses on comparing the incomes and social expenditures associated with people in the bottom quintile of the income distribution with those in the second quintile. The estimates presented in Section 4 above follow this approach – though we do not cover the breadth of impacts that Laurie addresses. The simplest way to interpret Laurie's (and our) results is that this represents a counterfactual where *all* the circumstances of the 'poor' population that are relevant to determining the outcomes are changed to those of the non-poor group.

Since, this is not a likely scenario, this suggests that the estimates of the cost of poverty under more feasible counter-factuals will be less than Laurie's estimates as well as the estimates presented in section 4 above.

On the other hand, there are reasons to believe that our estimates are underestimates. First, we do not cover many of the broader impacts of poverty. For example, we address associations between poverty and government expenditures associated with health care. We do not, however, attempt to value any impact of poverty on health and mortality outcomes – which are likely very large.

Second, within the scope of the outcomes we do address, it is possible that more detailed analysis will identify stronger associations between poverty and costs. Again, considering health, the analysis here draws on ABS estimates of the relationship between age, sex and disability status and health service use. This is justified for the estimation of social transfers in-kind as being an 'insurance' based approach. However, if not restricted by government, insurance policies would likely take account of other factors such as health behaviours, including smoking history, and prior illnesses – because

⁵ The literature generally ignores any second-round impacts of how economies would reorganise in the absence of poverty, though Blanden et al. (2010) consider some of these issues.

these characteristics are likely associated with greater health needs.⁶ These in turn are likely to be associated with, and possibly caused by, poverty.

Returning to the other approaches reviewed in this report, those based on the impact of child poverty on later outcomes do have the advantage of having a more clearly specified time frame for the interaction of poverty and outcomes. These approaches must deal with the same causal identification challenges, but there are some attempts to address these.

The regression approach of Blanden et al. (2008) seeks to statistically ‘hold constant’ the other factors that might influence later outcomes, so as to isolate the independent impact of incomes. However, we know that there are many other factors driving inter-generational associations that are not easily measured and controlled for in this way. So, this is unlikely to prevent an over-estimate of the costs of poverty.

Finally, the approach used by McLaughlin and Rank (2018) explicitly recognises the existence of these unobserved causal linkages, but makes a very arbitrary adjustment for them. In principle, this approach could be used to integrate results from other research which has used more explicit methods to identify these causal links. However, this research, based on experimental and quasi-experimental data, is sparse and focussed on very specific interventions which are difficult to generalise. Filling in the gaps in this explicitly causal analysis is likely to be a fruitful area for future research.

6 Though there could be impacts in the opposite direction if higher mortality rates led to lower lifetime health service needs.

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APPENDIX 9

EIAC CONSULTATIONS

2025-26: SUMMARY REPORT

BY THE BROTHERHOOD OF

ST. LAURENCE





EIAC Consultations 2025–26: summary report

The Economic Inclusion Advisory Committee (the Committee, or EIAC) provides independent advice to the federal government before every federal Budget on economic inclusion and tackling disadvantage. As part of work towards the Committee's report ahead of the 2025–26 federal Budget, the Committee has commissioned consultations to ensure that the voice of people with lived experience of interacting with the social security system is incorporated into its work.

This report summarises key themes and information from consultations coordinated by the Brotherhood of St. Laurence (BSL) in partnership with a range of organisations who helped to engage and support participants: Workskil Australia; Youthworx NT; Australian Youth Affairs Coalition; Safe and Equal; Single Mother Families Australia; Council to Homeless Persons; Enabled; People with Disability Australia; Ability Works; Wedderburn Community House; Miimi Aboriginal Cooperative; and the Australian Council of Social Service.

Eight consultation sessions were held with 65 participants from across Australia (both urban and regional/remote locations) with ages ranging from 16–80. Six of the eight sessions were held on Zoom, and two were face-to-face. Most participants were receiving income support payments (JobSeeker, Disability Support Pension, Austudy, Self-Employment Allowance, Carer Payment, Parenting Payment, Family Tax Benefits A & B). The priority cohorts for the eight sessions were:

- young people
- women who have experienced family violence
- carers of children and adults
- people who experience homelessness
- people with disability
- people living in regional and remote areas
- First Nations peoples
- people experiencing long term unemployment and older people.

Participants were asked to share their own experiences as they related to economic inclusion, poverty and disadvantage, accessing government support, challenges and recommendations for what they would like to see change. This report summarises key insights and selected quotes to inform the Committee’s current and future work.

Accompanying this report are more detailed summaries from each individual consultation with further quotes, a set of case studies and a methodological report that includes lessons from this year’s consultation process.

We would like to thank everyone who participated in these consultations. They have helped to guide the Committee’s advice and recommendations through generously sharing their stories, insights, recommendations and experiences.

Note: to preserve participant confidentiality, some names and identifying information has been changed.

Overview of consultation themes

Major themes heard in consultations, mapped to the EIAC Economic Inclusion Framework

Economic security	Equal opportunities
<ul style="list-style-type: none"> • Impacts of poverty and financial stress • Adequacy of income support payments • Economic security following family violence • Economic security for single parents • Persistent or intergenerational poverty • Disability, chronic health, mental health and partial capacity to work • Reliance on informal support networks, and the consequences when those are not available to people 	<ul style="list-style-type: none"> • Challenges to accessing high quality early childhood education and care • Homelessness and housing stress and insecurity • How care is valued and supported by the social security system • Health inequity • Lack of transport as a substantial barrier to economic inclusion

Growth and equal sharing of growth	Efficient and responsive governments
<ul style="list-style-type: none"> Effectiveness of employment services and challenges in finding work Impact of payment suspensions Employment discrimination, including for older people and people with disability Insecure, casual and volatile work Effective marginal tax rates and the effects of income support taper rates on ability to look for work and maintain economic security 	<ul style="list-style-type: none"> Complexity of the social security system Challenges in accessing payments, especially the Disability Support Pension Accessibility in navigating the social security system (especially for people with disability, digital exclusion, English as an additional language) Culture of the system, stigmatisation Debts to Centrelink as a result of errors in reporting or inability to find accurate information Difficulty predicting income from income support payments Representation and involvement of people with lived experience

Poverty

Throughout our consultations, we heard the lasting impacts that poverty has on individuals, their families and the Australian community. Poverty erodes wellbeing. It puts pressure on relationships and families. And poverty leaves scars that extend across the arc of people's lives. They extend across generations, denying people the chance to live the lives they aspire to.

We heard that, for many people living in Australia, the social security system is not performing its job as a safety net. Rather than being there to catch them when they fell, people described the social security system 'trapping' them in poverty and making them 'jump through hoops' in order to access the help they needed. When someone had an adverse life event – an injury, mental illness, losing a job, a relationship breakdown – we heard that getting back on their feet was dependent on their own tenacity and the informal support networks around them, not on the social security system. In instances where they were unwell, experiencing trauma or isolated, this was often not possible. We heard how the chronic stress of poverty and navigating a complex system stripped people of their confidence and made it harder for them to get work. People described getting by *in spite of* the system, rather than *because of* it. Where people did receive help, it was thanks to a particular worker taking the time to listen to their story and offer them the targeted support they needed for their situation.

We heard how people felt unable to focus on rebuilding their future. They attributed this to inadequate payment levels; the difficulty of navigating a complex system to access payments; and conditions for receiving payments that put barriers in their way rather than giving them targeted help to find sustainable work. People also felt held back by a punitive culture that treated them as ‘dole bludgers’ or ‘criminals’ rather than people with a lot to contribute to society; and that there was an absence of support when it was needed – whether that related to housing, mental health, transport or childcare.

People shared the impacts that this had on economic inclusion, their ability to make ends meet financially and to find and hold down meaningful work. Rather than dwelling on these personal impacts, people focused on the impacts this had on their children, their families and their communities. In the words of one person we heard from, ‘It’s [more] cost effective to invest in people now, and rather than putting a very costly band-aid over things that don’t actually mend anything later, ... invest in us so we can contribute in the best way possible.’

Selected quotes

You don’t feel like a person going through these systems, it really strips you of who you are ... It’s not a personal failure. It’s a systemic failure, these systems didn’t catch me when I fell. ~ Frances (JobSeeker Payment)

We were meant to be able to enjoy our youth and work towards something. At the moment we can’t do either. ~ Ethan (Youth Allowance)

No one wants to be on Centrelink. I think most people that are there are there because they have no other option. They have no other choice. Your cognitive capacity is extremely limited, because you are living with homelessness, pending homelessness, inability to feed yourself and your children. You don’t have the capacity to navigate the system. I’ve had to take my kids every night of the week to a church to feed them because I was not financially coping. If you manage to keep the roof over your head. You probably can’t put food on the table. I just have to say that poverty is really exhausting and it’s really depressing. And it’s really isolating – if you have the energy after that to apply for five jobs and get knocked back every week. ~ Abby (Family Tax Benefit, Child Support, JobSeeker Payment)

I had surgery ... So my sick days have all gone and it’s in the back of my head, oh my goodness, if I get sick and I cannot afford to pay my rent I’m actually going to repeat that cycle of homelessness. ~ Michaela

So I feel that the system sort of supports us to a certain level, you know, very basic level, but then treats us really as a second level of society, which, as a person with disability, we’re already in. So you kind of get it from both ends. ~ Fiona (Disability Support Pension)

You know all these dole bludger things people still think about ... And I just think to myself, if anybody had to live on the money that we get given and didn’t have some assistance from family ... what would you do? You know? How would it work? And the other thing is, we’re not all trying to skim the government, right? We’re just trying to get a payment so we can move along in our lives. ~ Fee (Parenting Payment Single)

I think it comes down to the question of what sort of society do we want to be? Do we want to be a repressive society? Or do we want to be a progressive society that helps women and children attain some form of freedom in their life to actually be who they should be or could be? ~ Jennifer

Adequacy of income support payments

We heard the impossible choices that people are forced to make as a result of income support payments that are not enough to meet basic needs. We heard from people forced to choose between essential medication or rent; going without food or forgoing the chance to see friends; staying in an abusive relationship or living in poverty. We heard from people who became homeless because they were unable to afford a place to live. Working-age people spoke of draining their superannuation in order to get by, leaving them at risk in their older years. People felt life, as a result of the cost-of-living crisis, was harder than it has been before. Prices were escalating; their payments were not.

We consistently heard from recipients of the JobSeeker Payment skipping meals or eating junk food because healthy food was too expensive. We heard from people unable to access medical and dental care, and skipping essential mental health or disability assessments and supports, because of an inability to pay. And we heard from people who were unable to afford travel costs to attend their appointments. The stress and mental health burden of living in perpetual crisis is significant.

We heard that when people are struggling to get by it can affect their sense of self-worth, strain their relationships and lead to social isolation. People spoke of the shame and guilt of having to ask family or friends for money. Doing so for too long eroded relationships. We heard people's experiences of social isolation that came from not having enough money to buy petrol to leave the house or to spend on a cup of coffee with a friend. Those without networks of family and friends particularly struggled, as they found that the social safety net was not there to catch them when they encountered hard times.

People found it 'impossible' to save money while receiving Centrelink payments, which prevented them building their own safety net or responding to sudden shocks. One of the people we heard from lived in his car to make ends meet while receiving the JobSeeker Payment – but when his car needed repairs it was a real struggle to save up the money to pay the mechanic. People wanted to invest in rebuilding their lives and getting on with their future, but they felt stuck in what some described as the 'trap' of poverty.

The biggest thing people wanted was a substantial increase in the level of income support payments. People who had received income support payments during the COVID pandemic shared how the higher payments had meant they were able to meet their basic needs, and even pay back debts to friends or save towards their own safety net. They didn't understand why this increase had been reversed.

In addition, some people expressed that making it easier to transition onto weekly (rather than fortnightly) payment options would help them to make ends meet. They wanted expanded concessions for people with disability or those receiving income support payments, and to enable people to retain

concessions after they start work. We heard of how access to medical care was unaffordable for some people, and how that affected their ability to work and get on with their lives. To help address this, people recommended an expansion of what is covered under the Pharmaceutical Benefits Scheme, for dental to be included in Medicare and to improve options for bulk-billing through Medicare. People also wanted to simplify the process for applying for payments, to make it easier to get the much-needed help that they were entitled to, as soon as possible.

Selected quotes

Inability to meet basic needs

I've missed out on my life, and I would say that this payment system is probably one rung up the ladder from a prison sentence, because you can't afford to have relationships. You can't afford to go out for dinner, to weddings, get your teeth cleaned, your hair cut. ~ Claire (JobSeeker Payment)

Some of us don't have family or friends to help. We rely on charities, but you can only access them a few times a year. I'm not sure what you are supposed to do the rest of the time ... I feel lucky that I don't have kids involved. It's just not good enough. ~ Jill (Disability Support Pension)

My husband [and I] only shower twice a week to try and save on electricity and water. We're you know [using] baby wipes to keep ourselves clean because [of] the bills. My husband has worked since he was 14. He's now 66 and this is the life we've got because of JobSeeker. Yeah, I mean, it's demoralising when you go into the supermarket and there's, you know, some nice things you'd just treat yourself at Christmas, but you think, well, no, I can't put that in the trolley because the water bill's coming in, the electric bill's coming. I don't buy Christmas presents for my son and his wife because I can't afford it, but I will, you know, try and do the best I can for my two grandkids. ~ Kathy (JobSeeker Payment)

I first lost my job when I was pregnant with my son, and he's about to turn 23 ... the rate hasn't increased a significant amount since then ... 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 could go out and find a job. ~ Rebecca (JobSeeker Payment / Self Employment Allowance)

Strained relationships, dignity and social isolation

I feel terrible having to ask my family members for money, because I know they struggle as much as I do. ~ Kira (Youth Allowance)

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)

Its really difficult for me, because if I don't have money I can't get out. I'm not going to create more friends. So, I just isolate. I just experience more anxiety, stress. ~ Hadi (Youth Allowance)

Health impacts

Very few of my items are PBS [Pharmaceutical Benefits Scheme]. I went to the chemist on Tuesday. My monthly checkout was \$506, which is about what my rent is. So you've got to decide. Which medications are you going to get filled? Which medications are you not? Are you going to eat? Or are you going to eat junk food, because now 7-Eleven is cheaper than Woolworths? So if you're eating junk food, your condition is going to get worse. Your mental health is going to get worse, and we're on this huge roundabout. ~ Dean (Disability Support Pension)

If the government was serious about mental health, they would treat it as a holistic thing and make sure we had what we need to live so we're not stressing over how to feed ourselves and pay the bills. ~ Rebecca (JobSeeker Payment / Self Employment Allowance)

I'm 65. I'm two years from the pension ... I've been a professional person most of my life, and I was doing really well until about 15 years ago when I got severe depression. I accessed my super ... for a number of years. But now I've got nothing ... I was incredibly fortunate to get the apartment I'm now in, which is under the National Rental Affordability Scheme. So my rent, I can actually afford to live. Just, I eat a lot of lentils and I think once I get past all this I will never want to see another lentil again. And then there's the medical side of it. I have dental issues which is leading to other medical things, but I can't get it fixed ... I don't know if I'll be able to work again, and I'm just waiting for my pension, so I don't have to go through all these hoops. My rent's about to change because the guy who has this apartment is taking it off the Rental Affordability Scheme. And then things are going to get really tight. If something happens to my car, I borrow money from friends and then slowly pay them back. ~ Lana (JobSeeker Payment)

Housing insecurity and Commonwealth Rent Assistance

Housing insecurity was a theme across all of the Committee's consultations. We heard that rental prices were going up, but people's payments were not keeping pace – this included both the JobSeeker Payment and Commonwealth Rent Assistance. Many people we heard from with found themselves in and out of homelessness. In addition to unaffordable rental increases, people blamed a severe shortage of available housing (both social housing and private rentals) especially in regional areas, inadequate income support payments and difficulties in accessing support services early enough. We heard from people living in cars and caravans, camping, couch surfing, living in overcrowded homes and feeling unsafe in crisis accommodation. We heard from some people spending well over 50% of their income on housing. People described the feeling that the social safety net wasn't there to 'catch them when they fell'.

When people faced housing insecurity, their economic inclusion was compromised. We heard about children moving school countless times and being uprooted from their support networks and services, adults being unable to look for work or hold down a job without a safe place to live, and people missing out on services due to not having a fixed address.

Some of the recommendations from people we heard from included: increasing payment rates and Commonwealth Rent Assistance and ensuring they keep pace with rental increases; increasing the

supply of social housing, transitional housing and affordable private rentals; introducing rent caps; and expanding renters' rights.

Selected quotes

Rental prices are going up everywhere. The cost of living is going up and Centrelink payments are not keeping up. Payments are not enough! ~ Tanya (Family Tax Benefit, previously JobSeeker Payment)

I've been told I probably won't get public housing in my lifetime, because the waiting list will outlive me, which is, you know, probably true for most of us. So we have to rely on [private rentals]. When a community organisation helped me, they said, 'Oh, don't go to this one [real estate agent], you know. Don't go to this one because they won't look at anyone on Centrelink. So you can't even go to half of the private rentals because they won't even look at you. So we just cope the best we can, skip meals, skip medications even. ~ Dean (Disability Support Pension)

Challenges to economic inclusion in regional and remote areas

The Committee heard from people living in remote parts of Australia and held two in-depth consultations in small regional towns in Victoria and NSW. We heard about the challenges to economic inclusion faced by people living in regional and remote areas. People spoke of the difficulty in paying substantially more for essentials; limited services available locally – especially specialist support including for children with disability; needing to take a day to travel to services in the nearest regional centre; poor internet and phone connectivity; limited employment opportunities; a lack of available housing; and a lack of available childcare.

The Committee continues to hear evidence that the additional costs of living in remote areas are much higher than the Remote Area Allowance. For example, the Committee heard from Tanya, who lives in a small community of 1000 people, an hour's drive from the nearest regional centre and several hours from the nearest capital city. She spoke of the difficulty of paying significantly higher prices, combined with receiving a lower salary than she'd expect for an equivalent job in the city. 'There's no competition, so they can charge whatever. Like you can't go with Vodafone; you have to go with Telstra. You can't go to Aldi; you have to go to Foodworks. You can't choose which petrol station to go to. We have one mechanic who is impossible to get into. You have to travel for everything – or pay shipping for online shopping.' One of Tanya's neighbours spoke of the feeling of dread when the nappies run out. 'I can't afford to travel two hours to buy nappies – I end up going on Facebook to ask people for help locally.'

We heard about the challenges that arise from having a lack of local services: people shared needing to travel for an entire day just for a 20-minute appointment at Centrelink; missing out on mental health services because there aren't outreach services in their community; or being unable to afford dental or medical care because they couldn't cover the cost of fuel to travel several hours to the nearest facility.

Some women shared being unable to return to work because of a lack of local childcare and early learning facilities.

We also heard from people about the challenges created by having limited housing in regional areas. In one community, people welcomed the proposed development of a new early childhood education facility but were not sure where the 40 new workers would live because ‘there is literally no housing available’.

We also heard about the challenges of having limited job opportunities in small towns.

Some of the recommendations people shared were to have more outreach from Centrelink to remote/regional areas; tailor services to recognise the different challenges in remote areas; offer more training to enable local people to fill local jobs; and increase the rate of payments to reflect the costs of living in remote areas.

Selected quotes

The distance and living a bit more remotely is obviously a big challenge ... unless you got your own transport out here, it's really difficult to get to your appointments ... There's only two buses ... so they have to spend all day down there just for [a] 20-minute appointment ... I've got to drive him [my son] up there to stay up there the whole day. ~ Ruby (JobSeeker Payment)

We have to drive all the way to [regional centre several hours' drive away] for dental or surgeries and stuff like that....the cost of fuel [is too high] when you've got limited funds. It's pretty hard to access all the kind of services. ~ Margie (Parenting Payment)

We're only an hour from the nearest regional centre ... but it's really a whole day. If you look at something like Headspace, which is a government-funded program – that stops at [a closer town to the regional centre]. You've got kids that are twelve here addicted to marijuana, and they can't get services. You say it's just a bus ride, but it is not just the bus ride. ~ Laura (Family Tax Benefit)

When I first moved up here, I had no access to internet or phone, and I would miss out on certain services because they'd be like, 'Oh, yeah, we've been trying to get a hold of you, and we can't. So you missed out on that.' ~ Sandy (JobSeeker Payment, Family Tax Benefit).

Job seekers are expected to apply for a certain amount of jobs per fortnight. When we lived in [the city] it was the same amount of jobs per fortnight as here [in a small country town], which to me seems unreasonable considering there's not as many job opportunities around here. You can call them to let them know you are finding it hard to meet requirements, yet most of the time they didn't seem to see that reason. ~ Tanya (Family Tax Benefit, previously JobSeeker Payment)

A lot of the businesses are small to medium size and a lot of those are family owned. So a lot of the opportunity for the younger people to get into work into a lot of those small businesses and stuff go to their family members ... it's more who you know, not what you know. ~ Patrick (JobSeeker Payment)

Family violence

We heard from victim-survivors of family violence, who shared how the very system meant to protect and support them in fact exacerbated the harms they experienced, re-traumatised them and put up barriers to rebuilding their lives.

We heard about how survivors are often forced into poverty after leaving an abusive relationship. This included inadequate rates of payments; challenges getting onto payments; barriers to accessing essential support such as homelessness, mental health and legal aid services; and inappropriate mutual obligations as conditions for receiving payments. These hindered rather than helped their ability to find secure employment. We also heard women who wondered, if they had their time again, whether they would have left an abusive relationship if they'd know how hard it was to access support afterwards.

We heard the pain of 'being robbed' of parenting by trying to meet all the conditions for government payments, and how 'it's the kids that are missing out when you take away the financial resources of their mothers'. Several people likened social security settings to the coercive control and financial abuse that they had experienced in violent relationships.

We heard of institutions like the child support and family court systems being weaponised as tools of ongoing abuse by ex-partners. People shared feeling unsafe through ongoing contact with their ex-partner through the child support system, and stories of ex-partners continually changing their estimates which affected the income women received. People wanted the ATO to be responsible for collecting child support payments, and de-linking family tax benefits from child support. In the interim, they at least wanted more women to know that they could receive an exemption from child support to be free from ongoing contact with their ex-partner.

We heard about the trauma inflicted by interacting with the social security system, of having to retell stories over and over again, of not feeling believed, of feeling treated like 'an object'. The people we heard from urged the government to reform Centrelink processes to be trauma informed. They offered practical solutions, like training for all Centrelink and service staff in trauma-informed practice, better communication between departments and services to reduce the need for people to retell their story, and redesigning Centrelink system and forms to make them simpler, more accessible and make information about what support was available easier to find. They suggested that there should be automatic referrals to a Centrelink social worker for people dealing with family violence, and the potential for a case coordinator to help make sure services are connected. They urged for victim-survivors to be engaged in the redesign process.

In addition to raising issues, we heard survivors' burning passion to rebuild their lives and to contribute, and the plea to 'just invest in us, or at least stop getting in our way'. Believing in, and investing in women early, it was pointed out, would be far cheaper for government in the long run.

Selected quotes

People feel trapped by the system that is meant to support them.

I'm willing to do it on my own, but please don't put barriers in my way. Don't make it exceptionally hard – and I think for most victims coming out of abusive situations, they are actually trying to not only recover, but they're actually trying to rebuild a whole life for themselves. ~ Jennifer

If I'd known I'd be in the situation I am in now, I wouldn't have left my partner six years ago. I would have just stayed in that horrible situation that I was in if I'd known I was going to end up still homeless, with four kids living in a caravan that is full of mould, just in a situation that's not healthy for me and the kids, currently, because I literally have nowhere else to go, and I have been on the housing list since the day that I that I left my partner, which was six and a half years ago. ~ Sandy (JobSeeker Payment, Family Tax Benefit)

I no longer live with my parents, despite being a minor still due to domestic violence and things. So I needed to apply under the independent right under the unreasonable, to live at home criteria. And it took me three months I went through so many social workers where I was first told that they didn't think I should be assessed as an independent, so I had to be assessed as a dependent. But obviously my parents weren't willing to sign the forms required under the dependent right. ~ Megan (Youth Allowance)

You cannot leave [a domestic violence situation] if you have children ... there is just no leaving in a rural town... it's not possible in an emergency, you know, you have to really plan for it. ~ Laura (Family Tax Benefit)

Child support can be weaponised as a tool of abuse.

I was listed with child support and he kept changing his estimate, and I couldn't collect the money because he changed jobs and was impacting my income. Now, no one at Centrelink asked the question, are you experiencing family violence? They never offered an exemption from child support. It was only after I rang up, just completely stressed out of my brain because I was getting letters all the time, and I had to keep seeing his name and I found that very triggering. So they said, you can ask for an exemption call Centrelink and ask for a Centrelink social worker. And of course they're siloed. They don't talk to each other. You've got to do all the legwork. So I rang Centrelink and got assigned a social worker who was incredibly hostile towards me. And I ended up pulling them up and going. Hey? Aren't you supposed to be on my side? Because they were just being horrible. And then they changed their tune, and then I was able to get an exemption. And I'm still on an exemption. I don't get any child support. It's not worth the eleven bucks I was getting a month. ~ Abby (Family Tax Benefit, Child Support, JobSeeker Payment)

I think it's like Robodebt where they actually put the onus on that customer, right? And again, like somebody else mentioned before, it is the child that's being robbed. It's not the mother. You're robbing the child in a such an indirect way. So yeah. My only gripe with them is with child support agencies this time is they put the onus on the receiving. ~ Elaine (Family Tax Benefit A & B)

You could still get debt from family tax benefit – if your child support payments were drastically changed, say after a delayed tax return by an ex-partner. ~ Amber (Family Tax Benefit A & B, Child Support)

People expect a more trauma-informed response from Centrelink. You are so exhausted trying to fight, trying to prove your pain and your trauma over and over again. You are so exhausted by that, so run down by it, you just give up. It's just not worth trying to push through those barriers that are there. What I would wish for is a whole of service trauma informed consistent response. ~ Jennifer

So, I am at Magistrates Court. I tell my story. I go to family court. I tell my story. They don't believe a word I say. Anyway. Then I go to Centrelink. Up to tell my story. I go to child support. I tell my story. You know, I need recovery time after each time I have to tell my story and sometimes it's a week of recovery time that really impacts your ability to function. ~ Abby (Family Tax Benefit, Child Support, JobSeeker Payment)

If you have to leave a certain situation or you get stuck, there are emergency payments. But to get them you literally have to speak to someone you've never met before in your life who doesn't give a **** about you that has to ask you such personal questions, I mean in-depth questions like 'How close were you to dying? Oh, but what kind of injuries did you sustain?' You have to go into depth with a male who then, at the end of the phone call, says, 'Oh, I'm sorry we can't grant you that payment,' and I'm saying but I'm stuck. I have no petrol and nowhere to go ... I won't be able to feed my kids. I have police reports. I have all the things to back up what I'm saying. Don't they have a case file so we can submit these documents once? It should be the organisations that we should have to enter it. Yeah, in your most vulnerable times. We know the effects of trauma on your brain and your ability to remember and recall information and having to do that over and over again is so hard. ~ Sandy (JobSeeker Payment, Family Tax Benefit)

Early childhood system reform

We heard that a lack of available, affordable childcare and early learning opportunities prevents women from returning to work at the level that they would like. This impacts not only them, but also their community as a result of them not being able to contribute their skills. Parents also shared feeling nervous about children's development when early childhood education and care was unavailable, particularly if there were limited other opportunities to play with other kids and develop their social and emotional skills. We heard availability challenges were particularly strong in regional areas.

A shortage of before and after school hours or school holiday care is an additional challenge for women's workforce participation, who often bear additional child caring responsibilities. People reported turning to informal care from grandparents or neighbours by necessity.

We heard that, given the need to forecast future income, the child care subsidy is difficult to predict, particularly for people whose work is casual, insecure, or for those with volatile earnings (e.g. farming). Families end up paying a high proportion of their income for childcare.

We heard about early childhood centres suffering from staffing shortages, and we heard concerns about staff having the appropriate training to support children with additional needs.

People described a high demand for childcare – not necessarily by choice, but due to the pressure for women to return to work to make ends meet in the cost-of-living crisis. Parents wished for longer paid

parental leave so they could choose what was best for their family, rather than be forced into decisions about care based on necessity.

People wanted to see: an increase childcare and early learning supply, including before and after school care, especially in regional areas; childcare to become more affordable and the costs more predictable; and paid parental leave to be increased to 12 months.

Selected quotes

I can't get a job because I have no protective factor or childcare support or option. I am the option for my friends. I regularly have six kids at my house ... The local daycare haven't taken any new families for four years. Yeah, there's nothing. We do have a home daycare, one that takes four kids. The kinder has gone from three days to two days because they can't get workers. ~ Laura (Family Tax Benefit)

If you get a preschool place, you only get two days ... there's no before school care in our whole valley ... So when I was looking at retraining as a nurse, [I had to consider] there's no before school care. So you're kind of limited with [job] opportunities and not being able to make choices. ~ Olivia (Parenting Payment)

It [the lack of childcare] doesn't just impact me, it impacts this school where I work as a teacher ... I don't know when I can return back to work, because, I don't know when the next spot's going to be available [in childcare], or when the day of kinder is going to get cancelled, or when the day of kinder is going to get changed ... They can pull the pin at eight o'clock in the morning, or on a week's notice say they're dropping a day. ~ Lizzie (Family Tax Benefit)

And every one [childcare] that is available in the area is just inundated with people. So the wait list is huge. So it's, you know, another year or so before we get access. I do have to travel a fair bit for my children. I do have to pay with the NDIS money for them to come here ... So with some initial appointments that I had with people they were charging like five hundred dollars just for that one appointment to come travel. So yeah, I've been trying to get the most value for money out of the packages ... my son has very, very big behavioural issues, and it becomes a big problem at preschool, and quite often I have to leave [work] and go and pick him up early because he is too dysregulated to continue ... I've had him in two different daycares, as one didn't have the knowledge on how navigate neurodivergent child. Which becomes a challenge as well, because when you're limited with daycare options, you want to go for something that you know. That's a day, I'll take it. Yeah. But when they don't provide the right quality of care ... we just tag-team working, we don't get to spend a lot of time as a family. You know, that eventually affects your mental health because you don't get to do anything. But you miss out on a lot of things like sport. There's not really things that we can do ... and that impacts our relationship. So far, we've made it through ... you know, if you don't have a lot of time to yourself as well, and looking after yourself, that impacts how you parent. ~ Annette (Carer Payment)

Employment services system reform

Throughout our consultations we heard stories of the employment services system in failure. Overwhelmingly, we heard that people want to work, but face genuine barriers. These range from a lack of available childcare or transport; limited local networks; mental health, chronic health or disability

restricting work capacity; employer discrimination; and a lack of money to afford to obtain the necessary qualifications for available jobs. Rather than helping them to overcome these challenges, people's experience was that the employment services system often put more barriers in their way. It required them to perform inappropriate or demeaning activities that did not make them employable (for example, we heard from people attending 'get dressed for work' classes and a person with coeliac disease being taught how to cook pasta in a mandatory life skills course). The system forced them into the first opportunity that came up, regardless of whether it was a good fit – and so they would find themselves without employment again when it didn't work out. When people did find a job, it was often on their own. We heard people's experience that it was through networks that they got jobs, and their employment services providers rarely connected them with employers.

What's more, we heard that people's experiences interacting with employment services providers could actually destroy their confidence, making it even harder to find work. People described being treated like 'criminals' or 'dole bludgers'. One person reported PTSD following their interactions with employment services. The very system meant to be helping people was in fact putting more barriers in their way to finding work.

We heard that people's payments were suspended – often without any real notice – because of an error in the system, a person was unable to travel to make their appointment, or because unrealistic expectations were placed on them. This led to significant stress, and people struggling to make ends meet. It took significant effort for people to get payments reinstated, and the onus was on the person, not the system, to resolve unfair outcomes. We heard when you're in crisis mode, the last thing you're going to be able to do is perform well in a job interview. Several people likened the mutual obligations and compliance system to financial abuse.

We heard that people with partial capacity to work and disability are poorly served by employment services. People found that they weren't eligible Disability Employment Services (DES) provider or, if they were, it was hard to get in. If they had had capacity to work for a small number of hours, DES providers were of limited help in assisting them to find suitable employers that would take them for those hours. People reported struggling to find workplaces that were accessible, especially for neurodivergence, and of being forced into accepting work that they knew would cause them harm and that they wouldn't last in. Some of the people we heard from had started their own businesses to make work fit around their needs, but struggled to access start-up capital and felt more small business support would go a long way.

When people moved in and out of employment, the system did not support them when they were in between jobs. We heard from people burning through their savings, selling personal items or drawing on their superannuation while they were waiting for payments to be reinstated. Some were reluctant to take the leap into a new job because, if it didn't work out, they were not sure they could survive in the time it would take for them to get back onto income support payments. Many of the people we heard from concluded that 'it wasn't worth it' to find more work, because if they earned more from employment they would lose concessions and their income support payments would be tapered,

meaning that they would still be left struggling to make ends meet. Many of the people we heard from worked in casual or insecure jobs with hours that fluctuated – this made it difficult to report earnings to Centrelink, as well as calculate the impacts that it would have on their overall payments.

People wanted to see the system fundamentally change. They wanted to receive help from employment services that aligned with their needs and interests to genuinely help them find work, and to be treated as a person with valuable contributions to make rather than a ‘dole bludger’. They wanted notice before payments were suspended, and an expansion of what counted to meet activity requirements so they were not being forced to ‘jump through impossible hoops’. They wanted to increase the amount that they could earn from employment before income support payments taper off, and to keep access to concessions. And they wanted to make it easier to get onto income support payments between episodes of employment. The overarching message people wanted government to hear was, ‘You’ll get out what you put in.’

Selected quotes

People want to work, but the system is restricting people’s ability to get back on their feet and invest in their future.

The system is punitive. We all have some capacity to work, whether it’s a small or a great capacity. Some of us have a great desire to. My desire is I want to be independent. You know, I want to have my own money. I want to go on a holiday. I haven’t been on a holiday since, God knows when. And that’s because dealing with Centrelink is a full-time job. You don’t get annual leave from Centrelink. ~ Dean (Disability Support Pension)

We want to work ... No one wants to be on Centrelink. I think most people that are there are there because they have no other option. They have no other choice.’ ~ Abby (Family Tax Benefit, Child Support, JobSeeker Payment)

Many people face multiple barriers to work – and often, the support employment services are able to provide does nothing to help overcome those barriers.

So then you have to pay petrol which you might not be able to afford to get down there to talk to them [employment services provider]. And you see not that many jobs, but also no opportunity for childcare. So even if you want these jobs, you can’t get childcare to then take these jobs. ~ Tanya (Family Tax Benefit, previously JobSeeker Payment)

It’s really hard to job hunt when you don’t have any funds and you’re stressed. ~ Lana (JobSeeker Payment)

People look at my disability and think ‘you’re going to be a risk, or hard to train’. Once they get to know me, it’s so much better. ~ Lyle (Disability Support Pension)

I’d like to see a transition of some sort for people like me, who are over 60 ... I’m virtually unemployable because of my age. As soon as I walk into interviews you can see the faces shut down because of my age

... I've got all this concentrated distilled wisdom and knowledge, you know. I can jump into a job and there's not much that I haven't seen before, so I can, you know, get in there and make a difference. ~ Lana (JobSeeker Payment)

People found the activities they are required to perform are demeaning, not tailored to their own individual circumstances and do little to help them find work.

I've worked in multiple places where any résumé brought in by an employment services provider goes straight in the bin. ~ Claire (JobSeeker Payment)

You've become resentful of the fact that you know, you've got no control over your own life ... There's restrictions on what's what sort of work you can and can't do, where you can and can't do it. You can't sort of decide where you want to go and what you'd like to do. You just feel as if you're less than human to these people. ~ Kathy (JobSeeker Payment)

I'm so sick of them just saying things like, 'Oh, let's do a budget.' It's like, 'Are you kidding me?' Or 'Here's some tips on how to cook with pasta.' Are you kidding me?! We're coeliac. We cannot have pasta. But the skills that we have to survive honestly are worth something. If I got actually paid minimum wage for all the hours I spent going through the hoops on hold to Centrelink, doing mutual obligations, I would be earning twice what the JobSeeker rate is. You know, I just wanted to the Committee to hear that the system makes me feel like I'm not worthy, that I'm stupid, that I'm an idiot. And then people wonder why we don't you have confidence in our abilities. ~ Rebecca (JobSeeker Payment / Self Employment Allowance)

Honestly, get rid of the entire employment services industry, because it is now an industry... No one I've spoken to has ever been helped by them ... I think maybe two of the jobs that I got were just from cold calling. Everything else has been through contacts or networking and whatnot, and people can do that themselves. It seems like we're wasting a lot of money as a country on this industry, so that politicians can sell this image that they're making the unemployed [work]. ~ Jared (JobSeeker Payment)

The circumstances of single parents were particularly poorly recognised by the employment services system. Single parents interviewed recommended reforms so that it recognises both caring responsibilities and the impacts of trauma.

We also have a diminished capacity, emotionally and physically at this time [after leaving an abusive relationship]. That's never taken into account. No one knows what's going on individually, and then they don't talk, and you do just get handballed. Even though I was doing full-time study, I was still told I had to do fifteen hours a week of paid work. So, how am I meant to do parenting and unpaid placement to get the qualification? Meanwhile, they [the abuser] who left you in this spot, there's isn't limitation on their working capacity or their ability to further their career and grow. ~ Hazel (Parenting Payment Single, Child Support, Family Tax Benefit)

You cannot meet your work requirements when you keep having to cancel shifts because of abuse. But no one ever asks you. There's no trauma informed anything at Centrelink and, as I said, I found lately that there's no point even ringing them. You're never going to get anyone and sometimes you wait so long. And then, just as you get to speak to someone, the phone drops out, which is when you're already

stressed, you're absolutely mental. So when you do actually get someone, you're quite escalated, and I've had Centrelink workers hang up on me because they thought I was being rude. ~ Abby (Family Tax Benefit, Child Support, JobSeeker Payment)

Dealing with the employment services system can destroy people's confidence and self-worth, making it harder to then find work.

Being in a corner of those offices bawling my eyes out because I felt like I wasn't being heard. An employment service is supposed to help you, it's supposed to listen! But it's all about ticking boxes and rushing you through the door ... That rejection once is enough, imagine having to keep doing it plus jump hoops to receive a payment from Centrelink. ~ Amanda (JobSeeker Payment)

Being looked down on when you're on payments ... You don't feel like a person going through these systems, it really strips you of who you are ... It's not a personal failure. It's a systemic failure, these systems didn't catch me when I fell. ~ Frances (JobSeeker Payment)

Payment suspensions cause harm. We heard that often, payment suspensions are due to an error in the system or unrealistic expectations placed on recipients, but the onus is on the person, not the system, to resolve unfair outcomes.

A common thing with job providers is they send a message saying you have an appointment now and if you do not answer your phone your payment is cut off. ~ Natahlia (Disability Support Pension)

JobActive [Workforce Australia] and Centrelink's ability to turn off payments at whim and the nullifying terminology used by 'mutual obligation' in any other context would constitute coercive control and financial abuse. ~ Claire (JobSeeker Payment)

Lester, a 60-year-old man studying two degrees, shared how his Austudy payments were suddenly ended without notice because he'd finished the time that was expected for him to have completed his degree: 'There's no checkup. There's no, "Are you still studying?" That's it [the payment ends]. I currently have no income ... And so I'm sort of in limbo now ... I just have to keep hammering away [contacting Centrelink] to try and get someone to actually pay attention to the case and resolve the issue ... I'm using my superannuation that I've drawn down and I'm rapidly going through that. After that's gone, I have nothing left. ~ Lester (Austudy)

I've got young kids at home, and if I have to call them and I'm on call waiting for like sometimes two hours and then sometimes you'll get through to someone, and he's like, 'I'll just transfer you through' and the phone call disconnects. And then you're like, 'I don't have another two hours and now, I'm gonna miss out on my payment.' It shouldn't be that hard when it literally means putting food on the table, or nappies on babies. And then if I wanted to jump into a car and drive there, I can't afford the petrol you know, I have to beg someone.' ~ Sandy (JobSeeker Payment, Family Tax Benefit)

I had my payments cut off because the employment services provider hadn't ticked a box. I tried for three days to get in touch and they only called me back when I got a text after hours to say the payments were cut off and I sent a message through their website to say, 'Call me or I'm calling the complaints line'. ~ Rebecca (JobSeeker Payment / Self Employment Allowance)

They don't understand that and if you have a bad day, and quite often we all have bad days you can't bump it [your appointment]. You can't ring them up and say, 'Hey, look, I'm not really good today. Can we bump this a couple of days and I'll come see you on Thursday?' They're like, no, and they just block your payment and that just spins you out again, you know, and then you're on the phone to Centrelink and that's horrible. It's really, really rough. ~ Brad (JobSeeker Payment)

Effective marginal tax rates caused by tapering income support payments when people received earnings from employment stopped people from taking on more work.

Centrelink takes a lot of that money from that I earn and then social housing was going to take a big chunk of it ... And I quit my job because I was like, I literally, literally, I'm not making any money from this. So why would I choose to be away from my child for that for that time? ... And I just want them to work together [with me] and to take a little bit less because I want to get ahead, I think it's really good for my child and for me and for everybody, if I am working and earning like I don't want to be somebody who's dependent on payments for the rest of my life. ~ Charlotte (Disability Support Pension)

The lost earnings plus the tax I'd have to pay, I needed pretty much to triple my income if I was going to try and get off the benefits, or just like [name] said, there's pretty much no point working. ~ Amber (Family Tax Benefit A & B, Child Support)

If you work to supplement that income, you are then sort of punished for it ... For me it was one three-hour shift before Youth Allowance started to cut out. I feel like they are basically penalising you for working – that's when they start cutting your payments down, but you're also not earning enough to support yourself. ~ Megan (Youth Allowance)

Many people work in insecure or volatile employment, but the system is not well set up to support people who have variable hours or move in and out of employment.

But I don't want to go full hog because then again if the bosses don't like you down the track, then you sort of gotta start back at square one and then you gotta mess around with all the payments and then the waiting to get it. And you, you've got so long to be able to catch up on getting money and then you sort of relying on people to give you handouts until it all adjusts cause it all takes time. Anything to do with Centrelink changing any payments can take, you know, six weeks. ~ Madison (JobSeeker Payment)

I did get some income support, and it was fairly difficult, just because of my circumstance in contract working. It's up and down, but at times I'm over the threshold in my earnings, you know. So then there was that whole going back and forth, trying to figure that out and how that would work ... So I threw in that job in the summer ... It wasn't worth the effort [of reporting the income]. ~ Patrick (JobSeeker Payment)

I've been earning on an on-and-off basis, because, you know, I don't have some kind of stable income or employment ... But, what if I find that if I actually didn't work too much, or even just simply recording more than they expected, a lot of hours or something, the message comes to me through the MyGov website ... So sometimes I actually have to give a call or something. On one occasion I've been waiting for

more than an hour or so, to be able to continue to report my employment income. ~ Jonathan (Disability Support Pension)

I start a new job. It goes well for a couple of weeks or a couple of months and then, because you're quitting the job or you have to report your last fortnight's earnings, which could have been a decent amount, that then gives you a fortnight where you receive no income at all. So then you've got to hit someone else up to lend you a couple hundred bucks, or give you a week off the rent, and then you're screwed. That gap absolutely screws you. And like I have been through that gap eighty times. I'm not doing it again. I will not do it again. ~ Claire (JobSeeker Payment)

People with disability and partial capacity to work face additional barriers to employment and to accessing the support they need. They often felt forced to accept work that they knew they'd be unable to succeed in.

Also, I'm having trouble accessing disability employment services. I'm wanting to get back into the workforce. But I'm not eligible, because I won't commit to looking more than eight hours of work a week. So no one will help me. And obviously, if I want to work more than that, I need to start off doing a bit less. So obviously, there's a lot of supports that I can't get through that to help me get a job. So it's a cycle. It felt like I was being told I'm too disabled for the disability employment services. ~ Natahlia (Disability Support Pension)

It's not actually that hard to make changes to support employment for people with a disability. So it's really interesting to see how there's these little changes that you can make that make your workspace accessible. But most people just don't want to do it. They just put it in the too hard basket or whatever. So that's really hard. As soon as you say 'disability' people just dismiss you. ~ Ruby (Disability Support Pension)

People want the government to give them a little bit of support so they can get on with their lives.

It's [more] cost effective to invest in people now and rather than putting a very costly band-aid over things that don't actually mend anything later ... invest in us so we can contribute in the best way possible. ~ Hazel (Parenting Payment Single, Child Support, Family Tax Benefit)

You'll get back what you put in. So many people here are probably, you know, skilled and have had careers. They can't go back to them anymore because of medical problems and things like that. You will get what you put in, that's all. That's the most important thing. ~ Sally (JobSeeker Payment)

On the value of hiring people with lived experience: 'We are the most coachable people, especially when we've experienced poverty. Those of us showing up are committed; as long as you can understand our way of learning and respect current experience and invite us to learn.' ~ Kayt (Austudy)

Efficient and responsive government

We heard that accessing income support payments is very difficult. People spoke at length of how complex and confusing the social security system was; how difficult it was to find accurate information;

demeaning or rude interactions with Centrelink; and the lengthy process to gather the appropriate documentation and apply for payments. Many people faced significant delays in accessing payments.

Not being able to access payments in a timely way had serious consequences for the people we heard from. One young person reported becoming homeless and then admitted to a mental health ward, because of the delays in accessing payments. Another young person spoke of missing most of a school term because of how often she had to go into the Centrelink branch to get onto the right payment.

We heard that applying for the Disability Support Pension was especially challenging. People found there was inconsistent information about eligibility and what evidence was required. Information was complex and confusing, and it was hard to obtain plain English descriptions. Some people commented that they were highly educated, with Masters degrees, and still struggled to understand Centrelink forms and processes. We heard that the system was hard to navigate and, for some, this was only possible with the assistance of a support worker. We heard from people who got knocked back from the Disability Support Pension or gave up because the application was too difficult, and were kept on the JobSeeker Payment despite significant health issues. The health issues affected their capacity to work and made it stressful and challenging to comply with mutual obligations for the JobSeeker Payment and, given the additional costs of managing their health condition, JobSeeker Payment was especially inadequate.

We heard how getting through to someone at Centrelink was difficult, often requiring several hours on hold on the phone. We heard from people waiting on the phone for two hours to get through to Centrelink to reinstate their payments, only for the call to drop when their phone ran out of credit. Some people we heard from resorted to calling the complaints line or putting their phones on private caller ID to get through to Centrelink. As a result of not being able to access staff, they turned to social media, which provided answers, however we also heard that there were people in these groups who preyed on those who were vulnerable.

We heard about the pain people felt from the stigma of looking for support from government services. The ‘dole bludger’ narrative and overly ‘punitive’ approach of the system degraded people’s self-esteem, and people felt that this put more barriers in their way. People commented on how burdensome the reporting system was, and how demeaning it was to continually have to re-prove their disability to Centrelink. Some people incurred debts to Centrelink as a result of inaccurate advice or overly complex reporting requirements.

People called for reform to the culture of the social security system, to ensure that people accessing government services are treated with respect and dignity. They recommended to simplify and improve the accessibility of Centrelink processes, and make the process for applying for payments simpler. It should be easier to get accurate information, reporting should be streamlined, and staff should be well-trained to offer the right advice in a way that is trauma-informed.

Selected quotes

The income I make with parenting payments and family tax benefit and child support – it has been such a stressful experience. I’m a pretty clever chick, and yet I still don’t get it. It is just so overwhelmingly complicated. I think one of the main issues is the inconsistency in the advice that we get. It’s kind of service provider and work lottery. A lot of it just depends on who you happen to get that day. If you manage to get someone! Because nine times out of ten you call up and you get hung up on, so it is a full-time job in itself just trying to work out that system. And we’re coming out of crisis – it’s almost impossible to keep all the balls in the air and just make sure that your primary needs are being met. And then it’s kind of cruel that on top of it we’re going through family court, you know, interventions and you name it. And we’re just trying to survive. And then on top of it, we have to navigate this really complex system. ~ Hazel (Parenting Payment Single, Child Support, Family Tax Benefit)

I spent the entirety of the term three school term like constantly missing school going to Centrelink, doing all these things, to try and get my life on track. That really had an impact on my grades, and also my ability to study and my mental health, because I was constantly so stressed. ~ Megan (Youth Allowance)

There is a lot of navigational issues. And a lot of misinformation, even for people working in the system. And particularly if you’re someone who’s neurodivergent but also experiencing family violence, it makes it impossible without someone supporting you to do it, and even then, you still get misinformation. ~ Tash

So when your payment gets cut off or because your certificate wasn’t accepted, then you’ve got the job provider which you have to go and see. You know, you have a certificate, but they’re not accepting it. So when I finally got through to them, they just said, ‘Oh, look, you know, we’re not going to accept it any more of your certificates with that with that diagnosis, you need to put something else on there.’ And I was like, ‘My GP writes these.’ ... You know, with my GP, we’ve even changed the diagnoses because I’ve suffered with a couple of different mental health issues, and some physical issues as well. So we’ve changed that a number of times. I’ve even changed the [duration I’m applying for, so] instead of three months, we did two months and two weeks just to see if they’d accept that, which we really shouldn’t need to do. ~ Julia (JobSeeker Payment)

Natahlia, a young woman who describes herself as a Centrelink ‘guru’ and often gives advice on how to navigate the system to her friends said: ‘The lack of staff training is a huge issue. I’ve had hundreds of calls with Centrelink over the years, and I don’t think there’s been one time where I’ve gotten a hundred percent accurate information. Everyone will tell you something different. I’ll have to insist a lot of the time that what they’re telling me is wrong, which is very uncomfortable. But yeah, that’s a huge problem. ~ Natahlia (Disability Support Pension)

Ruby, a young woman with autism and auditory processing issues, talked about how inaccessible the entire system was for someone like her. She has never been offered a plain English or Easy English document through Centrelink. ‘I would love to be able to do my reporting by myself, but at the moment my mum does my reporting for me, because I can’t understand it. With my processing issues and stuff, I can’t understand how to do it, basically. And if I ever try to call them on the phone. I’m always on the phone for like two hours or something, waiting; just waiting. And then if I go into the centre – I’m

autistic, and I have auditory processing issues – I understand things more if you write them down. It's really hard for me when I go into the, call into the actual centres. You know, they've got like I don't know ten desks or whatever around the place and you can hear phone calls. You can hear other people talking. You can hear the TV blaring. You can hear all this stuff and it's hard to focus. ~ Ruby (Disability Support Pension)

A lot of the inaccessibility lately is you can't walk into a Centrelink office [because] they have security guards. And so you have to ring up and book an appointment to be let in. Once you get in, you're told you have to use the computer or ring up. You ring up and you get a Serco employee who doesn't know what the DSP is. If you can't use a computer or have difficulty, or if you're using something like MyGov that times out by the time you can use it with your disability, then you can't use a computer either. So there's absolutely no way to access Centrelink ... And if, for approval, your disability is permanent, diagnosed, stabilised then why do you have to jump through the same hoops every year? Are paraplegics growing limbs these days? ~ Dean (Disability Support Pension)

My first interaction with the social security system was when I was quite young when I started to study at uni and I had like a very steep learning curve. Neither of my parents went to uni I had to navigate that system myself. And I got a big debt when I dropped a subject at uni and went from full-time study to part-time study and I didn't know that I had to tell Centrelink that that change had happened. And so I found out about that when I got notified that I had a big debt and had to pay back all of my student allowance. I remember at the time kind of feeling a little bit ripped off at the fact that I would have qualified for NewStart allowance ... there was not really anyone like along that path or that journey telling me that information. ~ Olivia (Parenting Payment)

Recommendations

The list below summarises recommendations people shared with the Committee during consultations.

Adequacy of payments

- Substantially increase the rate of all income support payments (JobSeeker Payment, Youth Allowance, Disability Support Pension etc.).
- Provide an option to receive income payments either weekly or fortnightly where it currently isn't allowed and make it easier to transition onto weekly payment options.
- Expand concessions for people with disability or receiving income support payments and enable people to retain concessions after they start work for a given period or up to a certain income threshold.
- Make the process of getting onto the Disability Support Pension easier for people with significant health issues but who are kept on the JobSeeker Payment because the application process is inaccessible to them.

Health

- Include dental care in Medicare.
- Increase Medicare rebates and bulk-billing options.
- Expand the range of medications included on the Pharmaceutical Benefits Scheme.
- Increase the availability and affordability of mental health services, so that people can access services early, regardless of their ability to pay.
- Make the process of receiving disability assessments easier and more affordable.

Housing

- Increase the level of Commonwealth Rent Assistance, and ensure it keeps pace with rental increases.
- Increase the supply of social housing, transitional housing and affordable private rentals.
- Offer loans to support people at risk of homelessness to maintain stable housing – for example, following crisis or family violence.
- Introduce rent caps.
- Expand renters' rights.

Employment services

- Reduce restrictive activity requirements and give tailored support through employment services that helps people overcome the genuine barriers they face to employment and move into jobs that are aligned to their interests and abilities.
- Increase the amount that can be earned from employment before income support payments taper off.
- Ensure that Work for the Dole is paid minimum wage, covered by WorkCover and involves genuinely meaningful, rather than demeaning, activities.
- Reform activity requirements, including to: recognise self-employment as an employment activity to meet mutual obligations; recognise volunteering (even if across multiple sites) as an approved activity; provide reduced activity requirements for older people transitioning onto the Age Pension; recognise parenting and caring responsibilities and approved activities; and modify activity requirements in remote areas to reflect reduced job availability.
- Provide additional disability-specific support for small business, including access to start-up capital.
- Provide specialist employment support for older people, given age-related discrimination in the workplace.
- Simplify reporting requirements.
- Ensure notice is provided prior to payments being suspended.

- Disband the entire employment services industry.

Family violence support

- Reform child support to prevent it being used as a tool of abuse, including delinking family payments from child support and moving all collections to the ATO. In the interim, inform survivors of family violence they can receive an exemption from receiving child support.
- Redesign services and processes to offer whole-of-person, trauma-informed, consistent responses. This should include training for Centrelink and Court staff, better communication between departments and services, and amending Centrelink systems and forms to make them more accessible. There should be automatic referrals to a Centrelink social worker for people experiencing family violence. Service users should be actively involved in the redesign.
- Make information more accessible so that survivors are aware of supports.
- Amend mutual obligations to recognise limited capacity and cognitive load for survivors of family violence.

Early childhood system reform

- Increase the supply of early childhood education and care (ECEC), including before and after school care, especially in regional areas.
- Make ECEC more affordable and the costs more predictable (e.g. reform the Child Care Subsidy and requirement to predict future income to receive the subsidy).
- Increase paid parental leave to 12 months.

Efficient and responsive government

- Reform the culture of the social security system and ensure that people accessing government services are treated with respect and dignity.
- Simplify and improve the accessibility of Centrelink services and processes especially for people with disability or who are experiencing trauma and stress. This would include the ability to more easily find accurate information without needed to share one's story first; simplify the website and the online user interface; make information in plain English/Easy English more available; simplify reporting and reduce the need to continually re-prove one's disability diagnosis. Improve the physical accessibility of Centrelink offices. Offer an outreach service for Centrelink in remote/regional areas.
- Ensure there are enough Centrelink offices and staff to support the number of people in a community, especially in regional centres. Bring down waiting times for Centrelink calls, increase the availability of social workers in Centrelink offices, and make it easier for people to make an appointment when necessary.

- Provide additional, ongoing, training for Centrelink staff to understand all payments to ensure accuracy of information provided to customers. Also include training on trauma-informed practice.
- Make the process of applying for payments easier, including by reducing the requirement for parents to provide paperwork or signatures to qualify for independent income support, and by providing information about the process and likely wait times in applying for payments. Reduce the complexity in applying for the Disability Support Pension in particular.

Service access

- Improve access to critical support like legal aid, Orange Door, mental health services and homelessness services – irrespective of work condition, income or stability of housing (if someone does not have a fixed address). Centrelink and employment service providers could do more to facilitate referrals to the appropriate supports.
- Improve public transport availability and accessibility, especially in outer suburban and regional areas.
- Tailor services in regional areas to meet local conditions and offer specific training to enable local people to fill jobs in regional areas.
- Better recognise and support Forgotten Australians and Care Leavers.

Representation

- Engage people with lived experience in the redesign of government services to ensure they are trauma-informed and accessible – and include people with lived experience as members of the Economic Inclusion Advisory Committee.

APPENDIX IO LITERATURE REVIEW: WHAT DOES A REVIEW OF QUANTITATIVE RESEARCH ON MUTUAL OBLIGATIONS TELL US ABOUT HOW THE SYSTEM SHOULD BE DESIGNED

Refer to page 164 of 2025 Report to Government

