

Jobseeker payments are too low

No-one in Australia should have to live on \$56 a day. The current Jobseeker payment is inadequate by every metric, and the majority of families that rely on it live below the poverty line.

How much is the current payment?

Payments depend on factors such as age, income, and family situation. A single person with no children is paid around \$389 per week, which is less than \$56 per day. Some supplementary payments are available including for renters and parents.

How is Jobseeker inadequate?

A huge number of individuals and families receiving Jobseeker experience poverty. Poverty can be measured in different ways, but all poverty metrics consistently show Jobseeker's inadequacy. According to one analysis, three in five households relying on Jobseeker are in poverty.¹

Figure 1 shows that Jobseeker has been below the widely-used Henderson poverty line since the early 1980s. The gap has narrowed slightly since 2022, partly due to increases in payments under the Albanese government. Still, by some metrics, Jobseeker remains the lowest such payment in the developed world, as shown in Figure 2.

Figure 1 also shows clearly that the Coronavirus Supplement payment briefly pulled hundreds of thousands out of poverty.² This demonstrates how easy it is for the Australian government to help people—if it wants to do so.

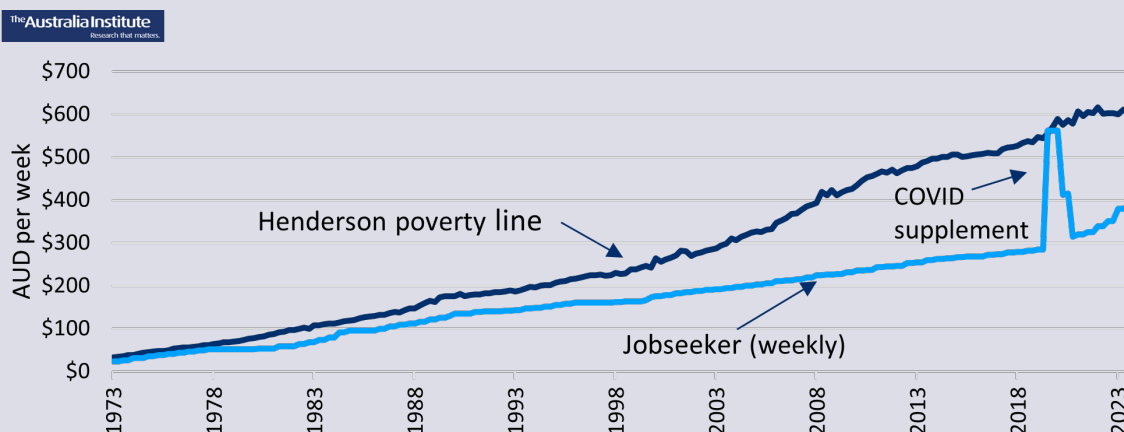
Why hasn't Jobseeker been fixed?

There is no economic reason to have unemployment payments below the poverty line. It is politics that keeps Jobseeker at poverty levels. Governments are fearful of being painted as soft on “dole bludgers” and low-income Australians, regardless of the social and economic impacts of not helping them (or the moral reasons to do so).

While the idea that increasing Jobseeker would discourage work and increase unemployment is not based on any evidence, there is plentiful evidence to the contrary.

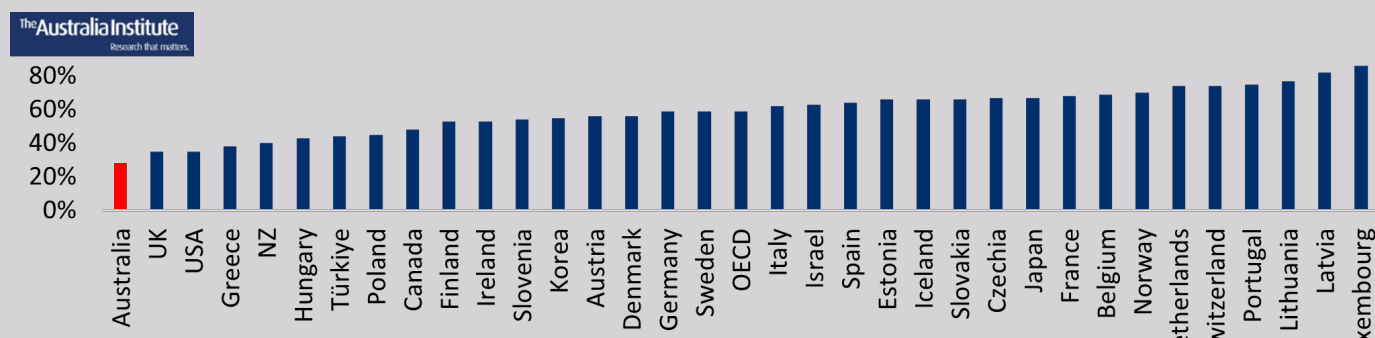
Even the Federal Government's own Economic Inclusion Advisory Committee found that any impact of raising Jobseeker on employment incentives

Figure 1: Unemployment benefits vs Henderson poverty line



Sources: Melbourne Institute & Guides to Social Policy Law: Social Security. Note: uses maximum Jobseeker payment for a single person, along with the Energy Supplement

Figure 2: Unemployment benefits as a percentage of the average wage, OECD



Source: OECD (2022). Note: assumes a single person with no children who has been unemployed for two months.

would be small, and increasing payments may actually provide some jobseekers more time and capacity to search for work.³

Most experts and representative bodies have called on the government to increase Jobseeker payments. The most prominent such campaign is the 'Raise the Rate' campaign, organised by the Australian Council of Social Services, the Australian Council of Trade Unions, and many more civil society organisations.

Calls have also come from the Business Council of Australia, and the Organisation for Economic Cooperation and Development, headed by former Coalition Finance Minister Mathias Cormann.⁴

Can Australia afford to raise Jobseeker payments?

Australia can afford to lift people out of poverty. Raising Jobseeker to \$80 per day—in line with the Raise the Rate campaign—and indexing it to keep up with wages would cost \$9.5 billion per year.⁵

This is a fraction of the cost of superannuation tax concessions (\$50 billion per year) or the Capital Gains Tax discount (\$15 billion), both of which mainly benefit the richest Australians.

Budgets are about choices, and if the Australian Government is serious about reducing poverty here in one of the richest countries in the world, it can make the choice to raise Jobseeker above the poverty line.

1 UNSW Sydney and ACOSS (2023) *Poverty in Australia 2023: Who is Affected*, pp 21, 38

2 Grudnoff (2020) *Poverty in the age of coronavirus*, The Australia Institute, <https://australiainstitute.org.au/wp-content/uploads/2020/12/P949-Poverty-in-the-age-of-coronavirus-WEB.pdf>

3 Economic Inclusion Advisory Committee (2024) *2024 Report to Government*, pp 54-55.

4 Raise the Rate (n.d.) Campaign Supporters, https://www.raisetherate.org.au/campaign_supporters; Business Council of Australia (2023) A OECD (2023) *OECD Economic Surveys: Australia*

5 Payments indexed to the higher of CPI or WPI. Calculated using Parliamentary Budget Office (2024) *Build your own budget 2024-25*

Find out more at our website by going to australiainstitute.org.au/research/topic/social-security-welfare, or via the QR code below:

