



Poverty line update

This table has been modified slightly from previous versions. It indicates Centrelink payments for typical low-income Australian households receiving maximum income support. These income levels are compared with Henderson Poverty Line estimates of expenses for similar households.

The Henderson Poverty Line compared with Centrelink income support Australian dollars per week, quarter ending December 2004

Life circumstances ^a	Centrelink payments ^b	Henderson Poverty Line ^c	Difference
Head in the labour force^c			
16-17 years, single	159.25	318.48	-159.23
18, 19, 20 years, single	159.25	318.48	-159.23
over 21 years, single	197.30	318.48	-121.18
Couple (over 21)	356.00	426.04	-70.04
Couple with one child	442.53	512.12	-69.59
Couple with two children	509.31	598.21	-88.90
Couple with three children	593.45	684.29	-90.84
Couple with four children	682.77	770.37	-87.60
Single parent with one child	345.00	408.87	-63.87
Single parent with two children	411.78	494.90	-83.12
Single parent with three children	495.92	580.98	-85.06
Single parent with four children	585.24	667.06	-81.82
Head not in the labour force^c			
Single parent with one child	345.00	348.57	-3.57
Single parent with two children	411.78	434.66	-22.88
Single parent with three children	495.92	520.74	-24.82
Single parent with four children	585.24	606.82	-21.58
Persons over 65 years, single	238.25	257.53	-19.28
“ “ “ couple	395.90	365.80	30.10
Persons eligible for disability support pension, single	238.25	257.53	-19.28
“ “ “ couple	395.90	365.80	30.10

Notes: ^a Not all family types and payment variations are detailed here. ^b Typical Centrelink payments for households with head in the labour force (which includes looking for work) include Newstart Allowance, Youth Allowance and Parenting Payment (partnered or single). Typical payments for households with head not in the labour force include Age Pension, Disability Support Pension or Parenting Payment (single).

Figures quoted here are the full rates; payments are reduced if recipients earn more than a certain amount in wages or other income. Rent Assistance is not included. See technical notes over page for more information about the calculations made here.

^c Different Poverty Line estimates are made for households with head in the labour force, and for households with head not in the labour force.

Weekly pension and allowance (maximum) rates, quarter ending December 2004

Youth Allowance (full-time students 16–24 yrs or unemployed under 21)	Single under 18, at home	87.15	Family Tax Benefit Part A	Each child under 13 yrs	up to 66.78
	Away from home	159.25		Each child 13–15 yrs	up to 84.70
	Single 18–21, at home	104.85		– large family supplement	Fourth and subsequent children
Newstart Allowance	Away from home	159.25	Family Tax Benefit Part B	– sole parent families	
	Single, 21+	197.30		Youngest child under 5 yrs	57.33
Parenting Payment (partnered)	Single, 21+, with children	213.45	– unemployed partnered parents	Youngest child aged 5–15 years	39.97
	Couple, both over 21 [combined]	356.00		Youngest child under 5 yrs	up to 37.11
Parenting Payment (sole parent)		235.35		Youngest child aged 5–15 years	up to 19.75
Age Pension	Single	235.35	Rent Assistance (up to amounts quoted))	Single, no children	47.70
	Couple [combined]	393.00		Single, no children, sharing	31.80
Disability Support Pension (includes Youth Disability Supplement)	Single, under 18, independent	204.30	Pharmaceutical Allowance	Couple, no children	45.10
	Single, 18–20, independent	204.30		Single or couple – 1 or 2 children	56.07
	Single, 21+, independent	235.35		– 3 or more children	63.35
				Paid to pensioners only [single or couple combined]	2.90

Please see reverse for an introduction to the poverty line

Guide to the poverty line update

Why do we need a poverty line?

Poverty lines provide a benchmark for measuring the adequacy of income security payments. They are frequently used as a way of assessing the incidence of poverty in Australia.

There is no universally accepted measure of poverty; but the issue of poverty in Australia remains an ethical and economic one with a political solution.

What is the Henderson Poverty Line?

The poverty line used here, also known as the Henderson Poverty Line, is a measure developed in the early 1970s by Professor Ronald Henderson, while undertaking the Australian Government Commission of Inquiry into Poverty.

It estimates how much money individuals and families of different sizes need to cover essential living costs. The Henderson Poverty Line represents a very basic living standard.

What does the Poverty Line table show?

The **first table** overleaf shows the level of income support payments provided by Centrelink to selected families and individuals, compared with the Henderson Poverty Line.

It shows the total income an individual or family would receive from Centrelink—that is, their payments taking into account their age, family size and circumstances plus any other entitlements such as the Pharmaceutical Allowance (but not Rent Assistance).

The **second table** shows the basic level of payment for different kinds of pension or allowance; and separately lists additional entitlements such as Family Tax Benefits.

How often is the line updated?

The Henderson Poverty Line is updated every three months. It moves in line with average incomes.

These are benefits or pensions administered by the Federal Government agency, Centrelink (e.g. Parenting Payment Single), combined with supplementary payments (e.g. Pharmaceutical Allowance).

The poverty line estimates the amount of money people need in order to cover their basic costs and maintain a minimum standard of living.

Head in the labour force means the individual or family member receiving income support payments is working, looking for work or doing employment-related study or volunteer work.

This describes household composition, for example whether people are married, single or have children. This affects levels of payment.

The labour force is everyone who is either employed or officially unemployed (i.e. in work or looking for work).

The poverty line, pensions and allowances – Australian dollars per week For quarter ending December 2004			
Life circumstances	Centrelink payments	Henderson Poverty Line	Difference
Head in the labour force			
18, 19, 20 years (single)	\$159.25	\$318.48	-\$159.23
Couple with two children	\$509.31	\$598.21	-\$88.90
Single parent with two children	\$411.78	\$494.90	-\$83.12

The difference is the gap between Centrelink payments and the Henderson Poverty Line. If the figure is negative, people are living below the poverty line.

The Henderson Poverty Line figures are supplied by the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne. (see <<http://www1.ecom.unimelb.edu.au/iaesrwww/miesi/poverty.html>>)

Technical notes for top table overleaf: The Henderson Poverty Line figures used here include housing costs, and are updated quarterly in line with the change in seasonally adjusted household disposable income per person. Centrelink payments include Family Tax Benefits for children where relevant. It is assumed that in families with three or four children, one child is aged under 5 years; that in families with four children, one child is aged 13–15 years; and that all other children are aged 5–13 years. Pension payments include the Pharmaceutical Allowances. Rent Assistance is not included, as only a minority of households with social security payments receive it (see FaCS 2003, *Income support customers: A statistical overview 2001*, table 63, p.73).

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