

New report: Who is most impacted by inequality in Australia?

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UNSW Social Policy Research Centre (SPRC) and Australian Council of Social Services (ACOSS) have released the second part of their analysis of inequality in Australia pre-COVID. Using Australian Bureau of Statistics (ABS) data (2017–18), the report—*Inequality in Australia 2020: Part 2, Who is Affected and Why*—sets a baseline of data against

which to assess COVID-19's impact on inequality in Australia. The first report was released in September.

Pre-COVID, single people on JobSeeker, even those with some [paid work](#), and single parents on JobSeeker, have been struggling on the lowest rung of the household [income](#) scale. More than half are in the lowest 10 percent of incomes nationally.

Half of people on age pensions are in the lowest 20 percent of incomes nationally, though widespread home ownership among this group provides a significant degree of protection from poverty. The 10 percent of older people who rent their homes are in a much more financially distressed position.

Scientia Professor Carla Treloar, Director of the SPRC, said that while we like to think of Australia as the land of a fair go, the reality is that Australia has significant levels of inequality, especially [wealth inequality](#).

"Even before the COVID recession, the highest 20 percent of households, with average after-tax incomes of \$4166 per week, had almost six times the income of the lowest 20 percent, with \$753 per week. When it comes to wealth, inequality is even more stark: the highest 20 percent, with average wealth of \$3.3 million, have 90 times the wealth of the lowest 20 percent, with just \$36,000 on average.

"The latest evidence from other research indicates that the JobKeeper and JobSeeker payments actually reduced overall income inequality despite the recession. As these payments are wound back, the harsh effects of high unemployment and low-income support payments for those affected, and reductions in paid working hours, will be revealed."

Professor Treloar said that while the number of part-time jobs has

recovered to its pre-COVID level, so far only one-third of fulltime positions have been restored.

"This will exacerbate income inequality as government income supports are wound back," she said.

ACOSS CEO Dr. Cassandra Goldie said the report shows inequality was stark in Australia even before this year, when we have experienced the deepest recession since the 1930s.

"While the government did increase income support at the beginning of the crisis, which greatly reduced poverty for a time, it is now threatening to cut income support back to the brutal old Newstart rate.

"People on JobSeeker, including single parents, are now being seriously left behind in the economic recovery, especially with the government cutting back income support at Christmas time to just \$50 a day and threatening to go back to the old Newstart rate of \$40 a day in March."

Dr. Goldie confirmed that unpaid caring work increased during lockdowns, especially for women.

"This report reveals the impact of unpaid caring work on inequality pre-COVID, with those without fulltime work more likely to be in lower income levels.

"The prospect that high levels of wealth [inequality](#) may become entrenched after the pandemic is also concerning, as high income-earners save more of their income and investment returns and house prices pick up again, ahead of growth in wages."

Snapshot of the report's findings

The highest 10 percent of households by wealth owns almost half (46 percent) of all household wealth, followed by the "middle wealth group" (those in the 60th to 90th wealth percentile) with 38 percent, leaving the lowest 60 percent—who are younger and poorer—with just 16 percent of all wealth.

Wealth in the form of shares and other financial investments and investment property is especially skewed towards the highest 10 percent, who hold two-thirds of these assets, including investment property averaging \$802,000 in value and shares, business and financial investments worth an average of \$1,441,000.

The Retirement Income Review revealed that the average value of inheritances received by people in the highest 20 percent by [wealth](#) was around \$180,000—twice that of the middle 20 percent and four times the lowest 20 percent.

Overall, superannuation death benefits are projected to rise from \$17 billion in 2019 to \$130 billion in 2059, in large part due to lax draw-down requirements and excessively generous exemption from tax of the earnings of super funds after a member retires.

More information: Inequality in Australia 2020: Part 2 Who is affected and why? [povertyandinequality.acoss.org ... is-affected-and-why/](https://povertyandinequality.acoss.org/.../is-affected-and-why/)

Provided by University of New South Wales

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